



Canada Life Freedom Funds and  
Marketwatch policies  
Originally with London Life

# Information folder

## May 2023

Digital copy available at [Canadalife.com/informationfolders](https://canadalife.com/informationfolders)

The Canada Life Assurance Company is the sole issuer of the individual variable annuity policy described in this information folder. This information folder is not an insurance or annuity contract.

This information folder is not complete without the applicable fund facts booklet. Both the information folder and fund facts booklet must be received.

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

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47-0121 – 5/23

**This information folder is not an insurance contract.** The information in this folder is subject to change from time to time. If there is a difference between this information folder and your contract, your contract will apply.

In this information folder, “you” and “your” mean the policyowner of a Canada Life segregated funds investment policy. “We,” “us,” “our” and “Canada Life” means The Canada Life Assurance Company.

## About Canada Life

The Canada Life Assurance Company, a subsidiary of Great-West Lifeco Inc. and a member of the Power Corporation group of companies, provides insurance and wealth management products and services. Founded in 1847, Canada Life is the country’s first domestic life insurance company.

The terms and conditions of the policies issued by Canada Life and the distribution of the policies are governed by the insurance acts of the provinces and territories in Canada where Canada Life carries on business.

### Canada Life’s administrative offices are located at:

#### London

255 Dufferin Ave  
London ON N6A 4K1

#### Montréal

1110-1350 René-Lévesque Blvd W  
Montréal QC H3G 1T4

### Canada Life’s head office is located at:

#### Winnipeg

100 Osborne St N  
Winnipeg MB R3C 3A5

## Certification

This information folder contains brief and plain disclosure of all material facts relating to the Freedom Fund and Marketwatch investment fund options available in the Canada Life investment policy issued by Canada Life Assurance Company.

**March 9, 2023**



Jeffrey F. Macoun  
President and Chief Operating Officer, Canada



Colleen Myers  
Senior Vice-President Legal Canadian Operations, Canada

# Key facts about the Canada Life Marketwatch and Freedom Funds policy

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

## What am I getting?

You are getting an insurance contract between you and The Canada Life Assurance Company. It gives you a choice of segregated funds and provides certain guarantees.

You can:

- Pick a registered or non-registered contract
- Choose one or more investment funds
- Name a person to receive the death benefit
- Withdraw money from your contract
- Receive regular payments now or later

The choices you make may affect your taxes; see the section *Income tax considerations*. They could also affect the guarantees, see the section *Examples of how redeeming units affects the basic amount and reduces the guaranteed value*. Ask your financial security advisor to help you make these choices.

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

## What guarantees are available?

Death benefit guarantee applies, and you may get a maturity guarantee. These help protect your fund investments. For full details about the guarantees, please see the *Guaranteed benefits* section.

You pay fees for this protection. The fees are included in the management expense ratio which is described in the *Fees and expenses* section.

Any withdrawals you make will reduce the guarantees. For full details please see the *Guaranteed benefits* section.

### **Maturity guarantee**

This protects the value of your investment at a specific date in the future. This date is explained in the *When your policy matures* section.

On these dates, you will receive the greater of:

- The market value of the funds, or
- 75 per cent of the money you put in the funds

### **Death benefit guarantee**

This protects the value of your investment if the insured person dies. It is paid to someone you name.

The death benefit applies if the insured person dies before the maturity date. It pays the greater of:

- The market value of the funds, or
- 100 per cent of the money you put in the funds if the insured person is age 79 or younger when the policy is issued
- 75 per cent of the money you put in the funds if the insured person is age 80 or older when the policy is issued

## What investments are available?

You can invest in the investment funds described in the *Fund Facts* booklet which is provided with this information folder.

Other than any maturity and death benefit guarantees, Canada Life does not guarantee the performance of the investment funds. Carefully consider your tolerance for risk when you select a fund.

## How much will this cost?

The investment funds you select affect your costs. The investment funds are available on a back-end load basis and in limited circumstances as no-load units. For full details, see the section *Sales charge options* and the *Fund Facts* for each investment fund, which can be found in the *Fund Facts* booklet.

Fees and expenses are deducted from the investment funds. They are shown as management expense ratios or MERs on the *Fund Facts* for each fund.

If you make certain transactions or other requests, you may be charged separately for them and this includes a short-term trading fee.

For full details, see the section *Fees and expenses* and the *Fund Facts* for each investment fund, which can be found in the *Fund Facts* booklet.

## What can I do after I purchase this contract?

If you wish, you can do any of the following:

### **Switches**

You may switch from one fund to another. See the section *How to switch investment fund units*.

### **Withdrawals**

You can withdraw money from your contract. If you decide to, this will affect your guarantees. You may also need to pay a fee or taxes. See the section *How to redeem investment fund units*.

### **Premiums**

You may make lump-sum. See the section *How to allocate premiums to investment fund units*.

### **Regular payments**

At a certain time, unless you select another option, we will start making payments to you. See the section *When your policy matures*.

Certain restrictions and other conditions may apply. Review the contract for your rights and obligations and discuss any questions with your financial security advisor.

## What information will I receive about my contract?

We will tell you at least once a year the value of your investment and any transactions you have made during the year.

You may request more detailed financial statements of the funds. These are updated at certain times during the year.

For full details, see the section *Administration of the investment funds*.

## Can I change my mind?

Yes, you can:

- Cancel the contract
- Cancel any additional lump-sum premium you make, or
- Cancel the initial pre-authorized monthly premium

To do any of these, you must tell us in writing within two business days of the earlier of:

- The day you receive the confirmation of your transaction, or
- Five business days after we mail the confirmation to you

The amount returned will be the lesser of the amount you invested or the value of the applicable units you acquired on the day we process your request. The amount returned will include a refund or any sales charge or other fees you paid. The transaction may generate a taxable result and you are responsible for any income tax reporting and payment that may be required as result of any transaction.

If you change your mind about a specific additional premium or switch, the right to cancel only applies to that transaction.

## Where can I get more information?

You may call us at 1-888-252-1847 or send us an email. To send an email please go to our website and then to the “[Contact Us](#)” section. Information about our company and the products and services we provide is on our website at [canadalife.com](http://canadalife.com).

For information about handling issues that you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1-888-295-8112 or on the Internet at [olhi.ca](http://olhi.ca). Additionally, if you are a resident of Quebec contact the Information Centre of the Autorité des marchés financiers (AMF) at 1-877-525-0337 or at [lautorite.qc.ca](http://lautorite.qc.ca).

For information about additional protection available for all life insurance policyowners, contact Assuris, a company established by the Canadian life insurance industry. See [assuris.ca](http://assuris.ca) for details.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at [ccir-ccrra.org](http://ccir-ccrra.org).

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# How a Canada Life investment policy works

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## Introduction

The Canada Life investment policy is an individual variable insurance contract based on the life of the insured person, also known as the annuitant, whom you name on the application form.

There are three types of policies available:

- Non-registered
- Registered retirement savings plan (RRSP)
- Registered retirement income fund (RRIF)<sup>1</sup>

Locked-in RRSPs (LRSP), locked-in retirement accounts (LIRA) and restricted locked-in savings plans (RLSP) are three specific types of RRSPs. You can generally only open this with money transferred directly from pension plans, where federal or provincial pension laws allow. Pension laws place certain restrictions on them. Since otherwise all RRSPs work the same way, whether or not they are LRSPs, LIRAs or RLSPs, we'll simply refer to them as RRSPs throughout the rest of this information folder.

Prescribed retirement income fund (PRIF), life income fund (LIF), locked-in retirement income fund (LRIF) and restricted life income fund (RLIF) are four specific types of RRIFs. Unless we say otherwise, when we refer to features of a RRIF, they also apply to a PRIF, LIF, LRIF and RLIF.

Each type of policy allows you, as the policyholder, to allocate premiums to a guaranteed interest option or investment fund option.

This information folder describes the investment funds available and the maturity and death benefit guarantees that come with them. For more information about guaranteed interest options, please contact your financial security advisor.

If your policy is a non-registered or RRSP policy, it is a deferred annuity, which means annuity payments may commence following the maturity date. If your policy is a RRIF policy, it is a payout annuity and you will receive annuity payments in accordance with the terms of the policy. If you choose to make a redemption from either type of annuity, this will reduce the amount available for annuity payments. Also, the performance of the various investment selections will affect the amount available for annuity payments. For more information, see *When your policy matures*.

Non-registered and RRSP policies allow you, as the policyholder, to invest in a daily interest option, a guaranteed interest option and an investment fund option. Currently, we have two investment fund options available – Freedom Funds and Marketwatch – that provide access to our family of 65 investment funds.

A RRIF policy allows you, as the policyholder, to allocate your premiums to a guaranteed interest option or an investment fund option that provides access to any of our 65 investment funds.

This document is divided into two parts. The first part contains general information that applies to all investment policies. The second part provides specific information about the investment funds.

A glossary of terms is located at the back of this information folder and provides an explanation of some of the terms used in the information folder.

<sup>1</sup> Only available where funds are coming from a Freedom Fund RSP, LIRA, LRSP or RLSP.

## Non-registered policies

A non-registered policy can be owned by a single individual or jointly by several individuals. The annuitant can be the policyholder or someone else.

Currently, under a non-registered investment policy, we have two investment fund options – Freedom Funds and Marketwatch. Freedom Funds are available through a growth plan and a systematic redemption plan. Marketwatch is only available through a growth plan.

Redemptions made from Freedom Funds may be subject to early redemption fees. For more information, see *Early redemption fees for back-end load units*.

Redemptions made from the Marketwatch Growth Plan are not subject to early redemption fees.

You can schedule periodic income payments under the Freedom Fund systematic redemption plan. In a calendar year, you may receive up to 20 per cent of all allocated premiums in scheduled payments without incurring an early redemption fee. Amounts received in excess of 20 per cent may be subject to an early redemption fee. Unscheduled redemptions may be subject to early redemptions fees. For information concerning these fees, see *Early redemption fees for backend load units*. For information about fees to change the amount or frequency of your payments, see *Charge for changing the amount or frequency of your scheduled periodic income payments*.

For information about tax implications, see *Income tax considerations*.

Features of these policies are summarized in the following table:

Product feature	Marketwatch growth plan	Freedom fund growth plan	Freedom Fund systematic redemption plan
Maximum issue age	90	90	90
Minimum initial premium	\$500 lump sum or \$25 plus \$25 automatic monthly premium		\$10,000
Minimum automatic monthly premium	\$25	\$25	N/A
Minimum lump sum premium	\$25	\$100	\$100
Minimum systematic redemptions	N/A	N/A	Scheduled: \$25 monthly \$100 quarterly or semi-annually \$200 annually Maximum 20% of premiums per year
Minimum partial redemptions	\$25	\$500	Unscheduled \$500
Redemptions subject to possible early redemption fee	No	Yes	Yes
Minimum fund balance	\$500 or \$25 plus ongoing automatic monthly premium		\$500

Current as of the date of the information folder – subject to change

## RRSPs, LIRAs, LRSPs and RLSPs

An RRSP is an investment policy registered under the *Income Tax Act* (Canada).

Only one person, who must also be the annuitant, can own an RRSP.

The contributions you make to your RRSP are tax deductible and there is a maximum amount you can contribute each year under the *Income Tax Act* (Canada). You can also transfer money directly from an RRSP at another financial institution or from a pension plan, if federal or provincial pension laws allow you to. There are no limits on the amount of transfers from RRSPs. There are limits under the *Income Tax Act* (Canada) for transfers from defined benefit pension plans.



Currently, under a registered policy, we have two investment fund options – Freedom Funds and Marketwatch. Both options are available as a growth plan.

Redemptions made from the Freedom Funds investment option may be subject to early redemption fees. Redemptions made from the Marketwatch investment option are not subject to early redemption fees. For more information, see *Early redemption fees for back-end load units*.

For information about tax implications, see *Income tax considerations*.

Features of these policies are summarized in the following table:

<b>Product feature</b>	<b>Marketwatch growth plan</b>	<b>Freedom Fund growth plan</b>
Maximum issue age	71	71
Minimum initial premium	\$500 lump sum or \$25 plus \$25 automatic monthly premium	
Minimum automatic monthly premium	\$25	\$25
Minimum lump sum premium	\$25	\$100
Minimum partial redemptions	\$25	\$500
Redemptions subject to possible early redemption fee	No	Yes
Minimum fund balance	\$500 lump sum or \$25 plus ongoing automatic monthly premium	

Current as of the date of the information folder – subject to change

## **RIFs, PRIFs, LRIF, LIFs and RLIFs**

A RRIF is a plan that gives you regular income payments and is registered under the *Income Tax Act (Canada)*.

You can generally only open a RRIF with money transferred directly from an RRSP or another RRIF. You can only open PRIFs, RLIFs, LRIFs and LIFs with money transferred directly from a pension plan, from a LRSP, LIRA or RLSP, or from another PRIF, LRIF, LIF or RLIF, where federal or provincial pension laws allow you to. We currently offer RRIFs and LIFs across Canada, and PRIFs in Saskatchewan and Manitoba. RLIFs are only available where the money is administered under federal pension legislation.

Under the *Income Tax Act (Canada)*, you must receive a minimum amount each year as income from these policies. For LRIFs, RLIFs and LIFs, there is also a maximum amount you may receive each year.

Only one person, who must also be the annuitant, can own a RRIF, PRIF, LRIF, LIF or RLIF.

As the required minimum amount under the *Income Tax Act (Canada)* cannot be determined until the first day of each year, we reserve the right not to make the first payment in each calendar year before the thirty-first day of the first month.

All payments must begin by the 31st day of a month.

Redemptions made from your policy may be subject to early redemption fees. For more information, see *Early redemption fees for back-end load units*.

You can schedule periodic income payments under your Freedom Fund RRIF. In a calendar year, you may receive up to 20 per cent of all allocated premiums in scheduled payments without incurring an early redemption fee. Amounts received in excess of 20 per cent may be subject to an early redemption fee. Unscheduled redemptions may be subject to early redemptions fees. For information concerning these fees, see *Early redemption fees for back-end load units*.

For information about fees to change the amount or frequency of your payments, see *Charge for changing the amount or frequency of your scheduled periodic income payments*.

For information about tax implications, see *Income tax considerations*.

Features of these policies are summarized in the following table:

<b>Policy type</b>	<b>Last age to allocate a premium to a policy</b>
Maximum issue age for RRIFs, PRIFs, LRIFs, RLIFs and currently LIFs issued under Ontario, Alberta, Federal PBSA, British Columbia, Manitoba, Nova Scotia, Newfoundland and Labrador and Quebec pension legislation	90
Maximum issue age for LIFs issued under New Brunswick pension legislation	80
Minimum initial premium	\$10,000
Minimum lump-sum premium	\$1,000
Minimum automatic redemptions	Scheduled: Higher of legislative minimum or \$50 monthly \$100 quarterly, or semi-annually \$200 annually Maximum: 20% of premiums per year
Minimum partial redemptions	Unscheduled: \$500 (May be subject to early redemption fee)
Minimum fund balance	\$500
Minimum switch between funds	\$500

Current as of the date of the information folder – subject to change

## **Beneficiaries**

You may designate one or more beneficiaries to receive any death benefit payable under the policy. You may revoke or change the designation prior to the policy maturity date, subject to applicable law. If the designation is irrevocable, you cannot revoke or change it or exercise certain other specific rights without the written consent of the irrevocable beneficiary.

If the policy is a LIRA, LRSP, RLSP, PRIF, LIF, RLIF or LRIF, your spouse, civil union spouse or common-law partner can take precedence over the beneficiary designation, depending on applicable pension legislation.

# How our investment funds work

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Each of our investment funds is a segregated fund, which is a pool of investments that is kept separate, or segregated, from the general assets of Canada Life. Each investment fund is divided into an unlimited number of notional units of equal value. For more information about unit value, see *How we value investment fund units*.

When you allocate money to the investment funds, units are allocated to your policy, but you do not actually own, buy or sell any part of the investment funds or any units. Instead, we hold the assets of the investment funds. This also means that you don't have any voting rights associated with the investment funds. We calculate the value and the benefits to which you are entitled based on the value of the units allocated to your policy on a particular date.

Neither your policy nor your units give you an ownership interest in Canada Life or voting rights in connection with Canada Life. When you select an investment fund that invests in units of a mutual fund, you will not be a unitholder of the mutual fund.

If we make a material change to an investment fund's fundamental investment objectives, we'll tell you in writing 60 days before we make the change. For more information, see *Fundamental changes to the investment funds*.

If we stop offering an investment fund, we'll tell you in writing in advance and we'll give you 60 days to tell us what to do with your units that are affected. If we receive your request to transfer to another investment fund at our administration office in London, Ontario or Montreal, Quebec before 4 p.m. Eastern Time on a valuation date, we'll process the request on that day. If we receive your request after that time, we'll process it on the valuation date after we receive your request. If we don't hear from you at least five days before the valuation date the investment fund is discontinued, we'll switch the units of the investment fund that is discontinued for units of the Money Market Fund, or another investment fund we select according to our administrative rules in effect at the time.

We may change the investment strategies of an investment fund without notice to you.

It's important to diversify your investments, which means investing in investment funds that have a variety of assets and investment styles. Through your policy, you can currently choose from 65 different investment funds. This broad choice provides a good opportunity for you to diversify your investments. In addition, currently, 19 of our investment funds are asset-allocation funds that are specially designed to increase diversification. We refer to our asset-allocation funds as Profile funds or Lifecycle Profile funds.

The performance of the various investment selections will affect the amount available for annuity payments. For more information, see *When your policy matures*.

## Profile funds

Each profile fund invests in a variety of other funds. They offer you an easy way to diversify your investments by investing in a single investment fund.

A profile fund may offer you diversification among:

- Types of assets, such as shares, bonds, mortgages and real estate
- The entities that issue the assets, such as shares in large, small or resource-based companies, and bonds issued by governments or companies
- Assets in different countries
- Investment advisors with different investment styles

We may review the composition of the profile funds from time to time. When required, we may change:

- The funds the profile fund holds
- The percentages of each fund the profile fund intends to hold
- The number of funds the profile fund may hold

## Lifecycle profile funds

A lifecycle profile fund offers you an easy way to diversify your investments by investing in a single fund that matches your investment time horizon. Like our profile funds, the lifecycle profile funds have been modeled on Investment Voyager profiles, our asset-allocation process.

A lifecycle profile fund is managed towards a specific target date. Actively managed, each fund's target mix is regularly rebalanced to provide an optimal risk and return for the selected investment time horizon. Each lifecycle profile fund gradually increases its allocation of fixed-income fund units, while reducing its allocation of equity fund units to provide the potential for more stable growth closer to the target date. When the lifecycle profile fund's asset allocation becomes similar to the income profile fund, the lifecycle profile fund will be closed, and the assets transferred to the income profile fund or a similar fund. For information about tax implications, see *Income tax considerations*.

Two profile funds – equity profile and fixed-income profile – allow you to modify the target mix of a lifecycle profile fund to match your personal tolerances for risk and return by increasing either the equity or fixed-income component of the portfolio.

The investment management fee may be reviewed periodically and reduced as the fixed-income fund allocation increases.

The composition of the lifecycle profile funds may be reviewed quarterly, and the target fund mix updated. When the review occurs, we may change

- The funds the lifecycle profile fund holds.
- The percentages of each fund the lifecycle profile fund intends to hold.
- The number of funds the lifecycle profile fund may hold.

## Sales charge options

### Back-end load units

The investment funds are available on a back-end load basis. With back-end load units, you don't pay any fees when you allocate a premium to an investment fund or switch units. However, if you redeem units within six years of allocating a premium to an investment fund, you will have to pay an early redemption fee, any applicable short-term trading fee, withholding taxes and other charges. For more information, see *Early redemption fees for back-end load units*.

### No-load units

If you invest \$100,000 or more with us, a no-load Freedom Fund option may be available. You, your financial security advisor and we must agree to the no-load option at the time of purchase. No-load units are available in non-registered and RRSPs policies.

We may waive the minimum requirement under certain circumstances.

Under this option you don't pay any fees when you allocate a premium to an investment fund or switch units. You will not pay an early redemption fee when you redeem units, but you will have to pay any applicable short-term trading fee, withholding taxes and other charges.

## How we value investment fund units

Generally, we value our units at the close of business on each day the Toronto Stock Exchange is open for business. We have the right to change how often we value our units. We refer to any day that we value units as a valuation date. We'll tell you in writing 60 days before we change the frequency that we value the units. For more information, see *Fundamental changes to the investment funds*.

When we value units, we calculate the unit value by dividing the total market value of that class of the fund by the number of units in that class of the fund. The market value of a class of a fund is the total market value of the assets in that class of the fund, less investment management fees and other expenses attributed to that class. For more information, see *Fees and expenses*.

When we calculate the market value of an asset held in an investment fund, we use the closing price of that asset. If a closing price is not available, we'll determine the fair market value of the asset.

The value of investment fund units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

We have the right to subdivide or consolidate the units of an investment fund. If we subdivide the units of an investment fund, there will be a decrease in the unit value. If we consolidate the units of an investment fund, there will be an increase in the unit value. If we subdivide or consolidate the units of an investment fund, the market value of the investment fund and the market value of your policy will not change. We'll tell you in writing 60 days in advance if we subdivide or consolidate the units of an investment fund.

We have the right to add funds, restrict the allocation of premiums or switches to any fund, discontinue an existing investment fund, or change the investment objectives, policies and strategies of an investment fund.

We'll tell you in writing 60 days before we discontinue an investment fund or make a material change to the fundamental investment objectives of an investment fund. For more information, see *Fundamental changes to the investment funds*.

All the investment funds currently available are described in detail later in this information folder. For more information about a specific fund, see the applicable investment fund page.

## **Fundamental changes to the segregated funds**

If we make any of the following changes to an investment fund, we will notify you in writing 60 days before the change occurs. The notice will be sent by regular mail to the most recent address we have for you in our records.

- Increase the investment management fee.
- Material change to the fundamental investment objective.
- Decrease the frequency with which the investment fund is valued.

You will have the right to switch the value of your units from the affected investment fund to a similar investment fund that is not subject to the fundamental change without charge provided you advise us at least five days prior to the change happening. We'll advise you of similar investment funds that are available to you at that time.

If we do not offer a similar investment fund, you may have the right to redeem the investment fund without incurring an early redemption fee or similar fee provided you advise us at least five days prior to the change happening. We'll advise you if this applies to you.

A similar investment fund is a fund within the same investment fund category that has a comparable investment objective and the same or lower investment management fee.

During the transition period between the announcement and the effective date of the fundamental change, you will not be permitted to allocate premiums to or switch into the affected investment fund unless you agree to waive your rights under the fundamental change provision for that particular fundamental change.

When an investment fund invests in an underlying mutual fund, an increase in the investment management fee of the underlying mutual fund that also results in an increase in the investment management fee of the investment fund would be treated as a fundamental change.

# Allocating premiums, redeeming and exchanging investment fund units

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You can make a request to allocate your premium to an investment fund or to redeem or switch units at any time. However, we only process allocations, redemptions or switches on valuation dates.

If we receive your request to allocate your premium to an investment fund or to redeem or switch units at our administrative office in London, Ontario or Montreal, Quebec before 4 p.m. Eastern Time or before the Toronto Stock Exchange closes, whichever is earlier, on a valuation date, we'll process the request on that day using that day's unit value. If we receive your request after that time, we'll process it on the next valuation date using the next day's unit value. For more information, see *How we value investment fund units*.

When you ask us to allocate your premium to an investment fund or to redeem or switch units, your instructions must be complete and, in a manner, acceptable to us, otherwise we will not be able to complete the transaction for you.

We have the right to refuse to accept any application, request to allocate a premium to your policy or switch to investment fund units. We also have the right to change any minimum amounts that are given in this information folder without notice.

If you choose to make a redemption, this will reduce the amount available for annuity payments. For more information, see *When your policy matures*.

## How to allocate premiums to investment fund units

You can allocate a premium to an investment fund available under the policy. You can also set up an automatic monthly transfer of money from your bank account to the investment funds. If the date to take money from your bank account occurs on a non-valuation date, we will process the request on the next valuation date. For information about minimum monthly premium amounts for the various policies, see *How Canada Life investment policies work*.

When you apply a premium to an investment fund, we allocate units to your policy. We determine the number of units to allocate to your policy by dividing the amount of the premium you have allocated to the investment fund, by the appropriate unit value of the investment fund. For more information, see *How we value investment fund units*.

## How to redeem investment fund units

Upon request and subject to our administrative rules you can redeem investment fund units on any valuation date. **The value of your guarantees will be proportionally reduced when you redeem units.** For more information, see *Examples of how redeeming units affects the basic amount and reduces the guaranteed value*.

When you request money from your policy, we will redeem the number of units required to fulfill your redemption request less any applicable taxes, fees or charges. You can request to redeem investment fund units on any valuation date. If you have set up an automatic withdrawal and it is to occur on a non-valuation date, we'll process the payment as of the previous valuation date.

You must keep a minimum dollar amount in units. Currently, if you have less than \$500 in units, we may require that you redeem them.

When you redeem investment fund units, the value of those units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

You will have to pay an early redemption fee when you redeem back-end load units. Back-end load units older than six years may be redeemed without an early redemption fee. For more information, see *Early redemption fees for back-end load units*.

We will charge a fee on a redemption when the units to be redeemed have not been held in the investment fund for the applicable period of time. For more information, see *Short-term trading*.

Under unusual circumstances, we may have to delay the redemption of units. For more information, see *When the redemption of your units may be delayed*.

Redemption requests involving transfers to or from registered plans may be delayed until all administrative procedures involved with registered plans are complete.

There may be income tax consequences if you redeem units. For more information, see *Income tax considerations*.

## How to switch investment fund units

Upon request and subject to our administrative rules, you can switch units of one investment fund in your policy for units of our other investment funds.

When you switch units, you're redeeming units of one or more investment funds and allocating their value to units of other investment funds.

We will charge a short-term trading fee on a switch when the units to be switched have not been held in the investment fund for the applicable period of time. For more information, see *Short-term trading*.

Under unusual circumstances, we may have to delay the switch of units. For more information, see *When the redemption of your units may be delayed*.

When you switch investment fund units, the value of those units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

The value of your guarantee is not affected when you switch units.

There are no early redemption fees when you switch units.

There may be income tax consequences if you switch units within a non-registered policy. For more information, see *Income tax considerations*.

## Short-term trading

Using investment 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 as outlined below. The short-term trading fee is retained in the investment fund as compensation for the costs associated with the switch or redemption request.

We may take such additional actions as we consider appropriate to prevent further similar activity by you. These actions may include the delivery of a warning, placing you on a watch list to monitor activity, declining to accept allocations to and switch and redemption requests from the investment funds, delay trades by one valuation date and suspend trading under the policy. We reserve the right to change our administrative practices or introduce new ones when we determine it is appropriate.

We will charge a fee of up to two per cent of the amount switched or redeemed if you allocate premiums to an investment 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 an investment fund from 90 consecutive days to up to 365 consecutive days. We will give you written notice of our intent to increase the time period at least 60 days in advance. Our notice to you will specify the affected investment fund(s) and the new period of time. We will send the notice to your most recent address on our records for this policy.

## When the redemption of your units may be delayed

Under unusual circumstances, we may have to delay your redemption of units or postpone the date of a transfer or payment. This may happen if:

- Normal trading is suspended on a stock exchange where the investment fund has a significant percentage of its assets, or
- We believe it's not practical to dispose of investments held in an investment fund or that it would be unfair to other unitholders

During such a delay, we'll administer the redemption of units according to the applicable rules and laws and in a manner that we consider fair. We may have to wait until there are enough assets in the investment fund that can be easily converted to cash. If there are more requests to redeem units than we can accommodate, we'll redeem as many units as we think is appropriate and allocate the proceeds proportionally among the investors who asked to redeem units. We'll redeem any remaining units as soon as we can.

We may temporarily postpone redeeming units or the date a switch is processed, or payment is made if we have reasonable grounds, in our opinion, to believe you are being or have been financially exploited or we have concerns about your ability to make financial decisions. This delay is to provide us with the opportunity to review the situation. Where a hold is placed on the policy, we will provide notice to you as soon as possible.

Where an overpayment was paid from a policy that should not have been made, you are responsible for repaying the amount within 30 days of Canada Life sending you notice, or within an agreed upon period when provided in writing by Canada Life. If you do not make the repayment, redemptions will be delayed until the overpayment is recovered. You also authorize Canada Life to set-off such amount against any amounts owing under another policy with Canada Life, subject to applicable laws. This does not limit Canada Life's right to use other legal means to recover the overpayment.



# When your policy matures

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## Maturity date

Most policies end – or mature – at a certain time. The maturity date varies depending on the type of policy you have.

For a non-registered policy, the maturity date is the date on which the annuitant attains age 100. If the 31st of the month is not a valuation date, then the maturity date will be the valuation date prior to the 31st of that month.

For an RRSP, the automatic maturity date is Dec. 31 of the year the annuitant attains age 71. If Dec. 31st is not a valuation date, then the maturity date will be the valuation date prior to Dec. 31st. You may also select an earlier maturity date between Sept. 1 and Dec. 31 of the year the annuitant attains age 71.

For RRIFs, PRIFs, LRIFs, LIFs and RLIFs that are not required to be annuitized under applicable pension legislation, there is no maturity date for a policy issued to non-Quebec residents. A LIF policy is not required to be annuitized under Quebec pension legislation and when issued to a Quebec resident there is no maturity date. For a RRIF policy issued to a Quebec resident, the maturity date is the date on which the annuitant attains age 100. If the 31st of the month is not a valuation date, then the maturity date will be the valuation date prior to the 31st of that month.

Over time, regulators may change the rules that govern LIFs. We will change the terms of your LIF in accordance with any change in the regulations.

## What happens to your policy on the maturity date

On the maturity date of your policy, we will redeem your units. If your policy was a non-registered policy, you may have to pay tax as a result.

For RRSP policies (except RRSPs for which you first allocated a premium to the investment funds when the annuitant is age 60 or older), non-registered policies and RRIFs issued to residents of Quebec, if you do not indicate a preference for another type of annuity offered by us, following the maturity date we will commence life annuity payments with a guaranteed period of 10 years. The annuity payments are conditional on the annuitant being alive and will be in equal annual or more frequent periodic amounts. We may require evidence that the annuitant is living when the payment becomes due. If the annuitant dies prior to the expiry of the guarantee period, any remaining unpaid guaranteed annuity payments due after the death of the annuitant will be paid to the beneficiary, if living or if the beneficiary is not living or no beneficiary designation has been made, to your estate. You may have to pay tax on the annuity payments. Payments are not commutable during the annuitant's lifetime.

Premiums will not be accepted under the policy after the annuity payments commence.

If you first allocated premiums to investment funds in an RRSP when the annuitant is age 60 or older and you do not indicate a preference for another type of annuity then offered by us, we'll commence payments on a RRIF basis.

If on the issue date of the policy, the policyholder is not a resident of Quebec, the amount of the annuity payments will be determined using the annuity rate in effect when the annuity payments commence.

If on the issue date of the RRSP, RRIF or non-registered policy, the policyholder is a resident of Quebec, the amount of the annuity payments will be determined by the greater of the annuity rate in effect when the annuity payments commence and the rate established in the policy.

# Guaranteed benefits

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Policies have two types of guaranteed benefits: the maturity guarantee and the death benefit guarantee.

Before the maturity date or the death of the annuitant, the value of investment fund units is not guaranteed because it fluctuates with the market value of the assets in the investment fund.

These guaranteed benefits apply if you first held investment funds in your policy after Nov. 20, 2001. If you held investment funds in your policy before Nov. 20, 2001, please refer to your contract for more information about your guaranteed benefits.

## Basic amount

The basic amount is used to calculate the value of the guaranteed benefits. In general, the basic amount is:

- The total of all amounts allocated to units
- Minus a proportional reduction for any units redeemed

To calculate the proportional reduction for any units redeemed we use the following formula:

$A \times B \div C$  = reduction in the basic amount when:

A is the basic amount before the redemption

B is the value of the units redeemed

C is the value of the investment funds before the redemption

If early redemption fees, short-term trading fees or other charges apply, they are included as part of the amount of units redeemed. For more information, see *Fees and expenses paid directly by you*.

The basic amount is not affected by switches between investment funds.

## Maturity guarantee

On the maturity date, we'll pay you the greater of:

- The market value of all your units less any early redemption fees (see *Early redemption fees for back-end load units*); or
- The maturity value of your policy based on the basic amount

The maturity value of your policy is guaranteed to be not less than 75 per cent of the basic amount, for the following types of policies:

- Non-registered if you first allocated a premium to an investment fund 10 years or more before the maturity date
- RRSP if you first allocated a premium to an investment fund prior to the annuitant attaining age 60
- RRIF issued to a Quebec resident

If you first allocated a premium to an investment fund in an RRSP when the annuitant was age 60 or older, there is no maturity guarantee unless the value of the units of the investment fund are paid out on a RRIF basis following the maturity date of the RRSP. The automatic maturity date of the RRSP is Dec. 31 in the year you attain age 71. If the value of the units of an investment fund is paid out on a RRIF basis, the maturity guarantee applies on Dec. 31 of the year you attain age 80.

For such a RRIF, the maturity benefit is guaranteed to be not less than 75 per cent of:

- The total of all premiums allocated to the investment funds in the RRSP
- Minus a proportional reduction for any units redeemed from the RRSP/RRIF

We calculate this proportional reduction the same way we calculate the proportional reduction for the basic amount.

There is no maturity guarantee for any RRIF, PRIF, LRIF, LIF or RLIF that does not have a maturity date.

## Death benefit guarantee

We make a one-time, lump-sum payment of the death benefit if the last annuitant dies before your policy matures. We make this payment to the beneficiary of the policy. If there is no beneficiary, we make the payment to you (as the policyholder) or to your estate. This payment will be made upon receipt by us of satisfactory proof of death.

The amount of the death benefit will be calculated as of the day we receive notification of the death of the annuitant if received at our administrative office in London, Ontario or Montreal, Quebec before 4 p.m. Eastern Time on a valuation date. If received after that time, we'll calculate the death benefit as of the next valuation date.

The death benefit is the greater of:

- The market value of all units allocated to investment funds; or
- The death benefit guarantee

The death benefit guarantee depends on the age of the annuitant when the policy was issued. If the annuitant was

- Under age 80, it's 100 per cent of the basic amount
- Age 80 and over, it's 75 per cent of the basic amount

We do not deduct early redemption fees from the death benefit.

If you have a RRIF and your spouse or common-law partner is the beneficiary, instead of receiving a one-time, lump-sum payment, you may choose to have your spouse or common-law partner become the policyholder and annuitant of the policy and continue to receive the regular income payments. In this case, we will pay the death benefit on the death of the final annuitant.

The death benefit guarantee no longer applies upon termination of your policy. This can occur:

- Once your policy matures; or
- When you transfer the value of your units to another policy

## Examples of how redeeming units affects the basic amount and reduces the guaranteed value

Let's assume you are under age 80 and you allocated the following premiums to the investment fund:

Date	Investment Fund	Amount you allocated to the investment fund
July 1, 2023	Canadian Value Equity	\$10,000
July 1, 2024	Canadian Value Equity	\$10,000

After the second premium allocation, your policy will have the following values:	
Basic amount	\$20,000
Maturity guarantee	$\$20,000 \times 75\% = \$15,000$
Death benefit guarantee	$\$20,000 \times 100\% = \$20,000$

Let's also assume that on July 1, 2023, you redeem units of the Canadian Value Equity fund for \$4,950.

## If the market value is greater than the basic amount

Let's assume that on July 1, 2023, before you redeem the units, the market value of your Canadian Value Equity units is \$22,000.

Your basic amount would be reduced according to the formula:

$A \times B \div C$  = reduction in the basic amount when:

A = the basic amount before the redemption (\$20,000)

B = the value of the units redeemed (\$4,950)

C = the market value of the investment funds before the redemption (\$22,000)

$\$20,000 \times \$4,950 \div \$22,000 = \$4,500$

<b>Your policy would now have the following values:</b>	
Basic amount	$\$20,000 - \$4,500 = \$15,500$
Maturity guarantee	$\$15,500 \times 75\% = \$11,625$
Death benefit guarantee	$\$15,500 \times 100\% = \$15,500$

**If the market value is less than the basic amount**

Let’s assume that on July 1, 2023, before you redeem the units, the market value of your Canadian Value Equity units is \$18,000.

Your basic amount would be reduced according to the formula:

$A \times B \div C$  = reduction in the basic amount when:

A = the basic amount before the redemption (\$20,000)

B = the value of the units redeemed (\$4,950)

C = the market value of the investment funds before the redemption (\$18,000)

$\$20,000 \times \$4,950 \div \$18,000 = \$5,500$

<b>Your policy would now have the following values:</b>	
Basic amount	$\$20,000 - \$5,500 = \$14,500$
Maturity guarantee	$\$14,500 \times 75\% = \$10,785$
Death benefit guarantee	$\$14,500 \times 100\% = \$14,500$

**When the guaranteed benefits end**

These benefits end on the earlier of one of the following dates:

- The maturity date, once we’ve paid the maturity benefit
- The date the last annuitant dies, once we’ve paid the death benefit; or
- The date the policy is surrendered for its full value

# Fees and expenses

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This section explains the fees and expenses you pay to us for managing the investment fund and paying for the guarantees (see *Fees and expenses paid directly by the investment fund*).

The total cost of investing in an investment fund (known as the MER) is the sum of the investment management fee and the expenses to operate the investment fund. This is further explained below, but in order to find out how much each investment fund will cost you to hold in your policy, you want to look at the MER. The MER for an investment fund available under the policy is shown on each *Fund Facts*, which are available in the *Fund Facts* booklet.

You may also have to pay other fees and expenses as described under *Fees and expenses paid directly by you*, but these are generally costs that depend on actions taken by you, and will not be imposed unless you do something specific (for example, redeeming your units prematurely), or request a specific additional service (for example, extra copies of annual statements).

## Fees and expenses paid by the investment fund

### Management expense ratio (MER)

The MER is made up of the investment management fee and operating expenses and includes a trailing commission. The MER is expressed as an annualized percentage of the investment fund's average net assets for the year. You do not directly pay the MER. The investment management fee and operating expenses are paid from the investment fund before the unit value of an investment fund is calculated.

The MER of an investment fund is subject to change without notice. The current MER is found on the *Fund Facts*, which is available in the *Fund Facts* booklet.

The updated MER is published each year in the audited financial statements, which are available on or about April 30 of each year. For more information on how to obtain these statements, see *Requests for Fund Facts, financial statements and other documents*.

### Investment management fees

An investment management fee, which is a percentage of the market value of each investment fund, plus applicable taxes, is deducted from each investment fund on a valuation date and paid to us before we calculate that investment fund's unit value. The amount of the investment management fee varies depending on the investment fund. The current investment management fees are shown in the *Fund Facts* booklet.

When an investment fund invests in an underlying fund, there is no duplication of investment management fees. See *Fund-of-fund*.

### Operating expenses

In addition to investment management fees, we charge other expenses to the investment funds. These expenses are for the operation of the investment funds and your policy. They include legal, safekeeping, brokerage, administration, audit fees and taxes. These expenses vary from year to year and from investment fund to investment fund. We deduct these other expenses, plus applicable taxes, from each investment fund on a valuation date, before we calculate that investment fund's unit value.

### Fund-of-fund

Where the investment fund invests 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 investment fund. As a result, the investment fund pays its own fees and expenses and its proportionate share of the fees and expenses of the underlying fund, and accordingly this is reflected in the total investment management fee and management expense ratio reported by the investment fund. However, there will be no duplication in the payment of investment management fees in such circumstances.

## Fees and expenses paid directly by you

You may have to pay the following fees and expenses directly when you invest in a policy:

- Early redemption fee for back-end load units
- Charge for changing the amount or frequency of your scheduled periodic income payments
- Charge for duplicate RRSP receipts and tax slips
- Policy research fee
- Short-term trading fee
- Returned cheque fee
- Courier fee

These fees and expenses are explained in more detail below.

You do not pay for the following services:

- Establishing non-registered or registered policies
- Pre-authorized payment agreement (PPA)
- Scheduled periodic income payment
- Switches between investment funds unless you have been in the investment fund for less than the applicable period. For more information, see *Short-term trading fee* below, and *Short-term trading*.)

We reserve the right to charge fees for additional services from time to time and to change the amount or the nature of the fees and expenses paid by you at any time.

### Early redemption fees for back-end load units

You will pay an early redemption fee as set out in this section if you redeem back-end load units within six years of the premium being allocated to an investment fund. The redemption fee is a specified percentage of the amount redeemed, and it declines over time.

For non-registered Freedom Fund systematic redemption plans and RRIFs, you can schedule periodic income payments. In a calendar year you may receive up to 20 per cent of all allocated premiums in scheduled payments without incurring an early redemption fee. You will pay an early redemption fee on any amounts received in excess of 20 per cent. Unscheduled redemptions prior to the sixth anniversary of the last premium paid will be subject to early redemption fees as set out in this section.

If you choose to make a redemption, this will reduce the amount available for annuity payments.

The following table shows how the amount of the early redemption fee decreases the longer the units are allocated to your policy.

<b>Number of years you've held your units when you redeem them</b>	<b>Early redemption fee</b>
<b>1</b>	5.0%
<b>2</b>	5.0%
<b>3</b>	4.0%
<b>4</b>	3.0%
<b>5</b>	2.5%
<b>6</b>	1.0%
<b>more than 6</b>	0.0%

Early redemption fees are calculated for each investment fund separately. To reduce the amount of early redemption fees you have to pay, we redeem the back-end load units you have held the longest first. When you switch units, the oldest units in an investment fund are switched first. These units retain their age for the purpose of determining early redemption fees in the new investment fund. When you switch units, we do not charge early redemption fees.

We do not deduct early redemption fees when we pay the death benefit.

For more information about redeeming units, see *How to redeem investment fund units*.

## **Charge for changing the amount or frequency of your scheduled periodic income payments**

We may charge up to \$60 if you change the amount or frequency of your scheduled periodic income payments more than once per year.

## **Charge for duplicate RRSP receipts or tax slips**

We will give you one duplicate RRSP receipt or tax slip for the current tax year without charge if you ask for it. We may charge \$25 for duplicates of RRSP receipts and tax slips issued in all prior years.

## **Policy research fee**

We may charge up to \$15 per year of policy history or \$35 per hour for researching your policy. You will be advised of the fee before the research begins.

## **Short-term trading fee**

We may charge a short-term trading fee of up to two per cent of the amount switched or redeemed if you invest in an investment fund for less than the applicable period. The fee is subject to change. For more information, see *Short-term trading*.

## **Returned cheque fee**

If your pre-authorized payment is returned by your financial institution, we may charge up to \$20 to cover the cost of processing.

## **Courier fee**

If you request a cheque be sent by courier, we may charge a courier fee.

# Income tax considerations

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This is a general summary of income tax considerations for Canadian residents. It is based on the current *Income Tax Act* (Canada) and does not take into account any provincial tax laws. The summary does not include all possible tax considerations.

The taxation of certain benefits available with these annuities is not certain at this time. You are responsible for the proper reporting of all taxable income and payment of all related taxes. This summary is not intended to offer you tax advice. **You should consult your tax advisor about the tax treatment of these annuities for your personal circumstances.**

## Tax status of the investment funds

The investment funds are not separate legal entities. They fall under the definition of segregated funds in the *Income Tax Act* (Canada). For tax purposes, our investment funds are deemed to be trusts that are separate entities from Canada Life. The assets of the investment funds are kept separate from our general assets.

The investment funds generally do not pay income tax because all their income and realized capital gains and losses are allocated to you and other investment fund unitholders each year.

The investment funds may have foreign tax withheld on income that is earned by non-Canadian investments.

## Non-registered policies

For income tax purposes, you must report the following investment income that is allocated to you by the investment funds:

- Interest
- Dividends from taxable Canadian companies
- Taxable capital gains or losses
- Foreign source income
- Any other investment income allocated to you

When you redeem units of an investment fund, you may realize a capital gain or a capital loss, which you must report. Your capital gain (loss) generally will be the amount by which the value of the redemption exceeds (is less than) the adjusted cost base of the units being redeemed.

Any switch will be treated the same as a redemption of your units.

Death of the policyholder or transfer of ownership of the policy may create capital gains that must be reported.

Once a year, we'll send you tax reporting slips that show amounts that must be reported for income tax purposes. These slips will include the capital gain or loss on any redemption or switch of your units as well as allocations from the investment funds. The slips will also include any capital gain or loss arising from rebalancing of investment fund assets, investment fund discontinuance or an underlying fund substitution.

The tax information we provide to you will not include adjustments for transactions that generate superficial losses under the *Income Tax Act* (Canada). To avoid the creation of superficial losses that will be denied for income tax purposes, we recommend you avoid allocating premiums to an investment fund within 30 days before or after redeeming units of that same investment fund.

Any premiums you allocate to a non-registered policy are not tax deductible.

The tax treatment of a top-up maturity or death benefit guarantee payment is not certain at this time. We recommend that you contact your tax advisor regarding the tax treatment of top-up payments for your particular circumstances.

We will report top-up guarantee payments based on our understanding of the tax legislation and the Canada Revenue Agency (CRA) assessing practices at that time. You are responsible for any tax liabilities arising from any change in law, interpretation or CRA assessing practices.



## **RRSPs**

An RRSP is registered under the *Income Tax Act* (Canada) as a registered retirement saving plan. Generally, the contributions you make to your RRSP are tax-deductible up to an annual limit.

You do not have to report investment income allocated to you by the investment funds in the year the income is earned. However, for income tax purposes, you must report any redemption you make, unless the money is transferred directly to another plan registered under the *Income Tax Act* (Canada). Tax will be withheld on redemptions.

Payment of top-up maturity or death benefit guarantees into the policy is not taxable. All amounts withdrawn from the registered policy are taxable except withdrawals under the Home Buyers' Plan or Lifelong Learning Plan.

## **RRIFs**

A RRIF is registered under the *Income Tax Act* (Canada) as a registered retirement income fund. You can only open a RRIF with money transferred from another policy registered under the *Income Tax Act* (Canada).

You do not have to report investment income that is allocated to you by the investment funds in the year that it's earned. However, all redemptions are taxable each year and tax may be withheld on these payments. Current income tax regulations require us to withhold income tax on any amount that is redeemed that is in excess of the minimum income.

Generally, the transfers you make to a RRIF are not tax-deductible.

Payment of top-up maturity or death benefit guarantees into the policy is not taxable. All amounts withdrawn from the registered policy are taxable.

# Administration of the investment funds

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## Keeping you informed

A statement will be sent to you no less than semi-annually (end of June and December) and it will give you the following information:

- The total number of units, unit value and market value for all the investment funds in your policy on the statement date
- Dollar amount and number of units transferred to and from each investment fund for the statement period
- Any income payments made during the statement period for a RRIF, PRIF, LRIF, LIF or RLIF
- Any early redemption fees charged for back-end load units for the statement period

Any written communications will be sent to the most recent address in our records for the policy. Please tell us promptly if your address changes.

Please review your statement and advise your financial security advisor or our administrative office at the address located on the inside front cover if they do not agree with your records. Any discrepancies must be reported in writing within 60 days of receiving the statement.

We may change the frequency or content of your statement, subject to applicable laws.

## Requests for *Fund Facts*, financial statements and other documents

The most current Fund Facts for each investment fund is available upon request to Canada Life at the address on inside front cover or by visiting our website at [canadalife.com](http://canadalife.com).

The most recent annual audited financial statements and semi-annual unaudited financial statements for the investment funds are available upon request from your financial security advisor, by writing to Canada Life's head office at the address on inside front cover, or by visiting our website at [canadalife.com](http://canadalife.com).

The annual audited financial statements will be available to you after April 30 and the semi-annual unaudited financial statements will be available after Sept. 30 of each year.

In addition, copies of the simplified prospectus, annual information form, unaudited semi-annual financial statements, audited financial statements and interim and annual management reports of fund performance of the underlying funds are available upon request from your financial security advisor.

## Material contracts

In the last two years, we haven't entered or amended any contracts that are material to policyholders who invest in our investment funds.

There are no material facts of which Canada Life is aware which relate to the policy that are not disclosed in this information folder.

The auditor of the investment funds is Deloitte & Touche LLP. Deloitte is located at 2300-360 Main St, Winnipeg MB R3C 3Z3.

## Material transactions

In the last three years, no director, senior officer, associate or affiliate of Canada Life has had any material interest, direct or indirect, in any transaction or in any proposed transaction that would materially affect the investment funds.

We don't retain a principal broker for buying or selling the underlying investments in the investment funds. We usually arrange these investment transactions through many different brokerage houses.

## Assuris protection

Assuris is a not-for-profit corporation, funded by the life insurance industry that protects Canadian policyowners against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris's protection are available at [assuris.ca](http://assuris.ca) or in its brochure, which can be obtained from your financial security advisor, life insurance company, [info@assuris.ca](mailto:info@assuris.ca) or by calling 1-866-878-1225.

# Investment policy

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We have established investment and lending policies in relation to our segregated funds that we believe are reasonable and prudent. The investment policies comply with:

- Federal and provincial pension benefit standards laws
- Canadian Life and Health Insurance Association Inc. (CLHIA) *Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds* approved by the Canadian Council of Insurance Regulators, as may be amended from time to time
- Autorité des marchés financiers (AMF) *Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds*, as amended, and approved by Autorité des marchés financiers
- all as may be amended from time to time.

The investment funds may achieve their investment objectives and/or investment strategies by either investing directly in securities or in units of one or more underlying funds that have similar investment objectives of the investment fund. If the underlying fund is a mutual fund, the fundamental investment objectives of the mutual fund cannot be changed unless approved by the mutual fund unitholders. If such a change is approved, we will give you notice of the change.

We may update an investment fund's investment strategy, including the removal or substitution of underlying funds, without notice to you.

The earnings of each investment fund are reinvested in the same investment fund according to its investment objectives and investment strategies. The investment funds may lend securities in a manner that is prudent, in the interest of the investment fund, and in compliance with any applicable laws.

The Real Estate Fund is the only investment fund that may borrow to buy securities. For more information, see *Real Estate Fund*. The other investment funds do not borrow money except for the purpose of funding redemptions (and only to the extent permitted by applicable regulatory requirements).

For a summary of an investment fund's investment policy, see the *Fund Facts* booklet. A detailed description of each fund's investment objective and strategies is available upon request from Canada Life at the address on the inside of the front cover. In addition, you may request information about the underlying funds, including audited financial statements of the underlying funds by contacting your financial security advisor.

The sum of an investment fund's exposure to any one corporate entity will not exceed 10 per cent of the value of the investment fund at the time of investment. Furthermore, the percentage of securities of any one corporate issue that may be acquired is limited to 10 per cent of each class of securities of any one corporate issuer, except for any corporate issue guaranteed by any government authority in Canada. This limitation will not apply to a segregated fund that is an index fund. We will not, in respect of any investment fund, invest in securities of an issuer for the purpose of exercising control or management.

## Performance of investment funds and underlying funds

The investment objectives and investment strategies of the investment funds are in many cases similar to the objectives and strategies of a corresponding fund sponsored by the investment managers. Although the funds have these similar objectives and strategies, and in most cases will have investment portfolios managed by the same individuals, the performance of the underlying funds and the corresponding investment funds will not be identical.

# Investment managers

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We have the right to appoint or change investment managers to provide investment management, investment advisory and related services necessary for the investment and management of investment fund property. We will advise you of any change to an investment manager.

Canada Life currently retains the following investment managers for our investment funds.

- **AGF Investments Inc.** located at PO Box 50, Suite 3100 Toronto-Dominion Bank Tower, Toronto ON M5K 1E9
- **Beutel, Goodman & Company Ltd.** located at 2000-20 Eglinton Ave W, PO Box 2005, Toronto ON M4R 1K8
- **Canada Life Asset Management**, formerly Canada Life Investments, located at 1-6 Lombard St, London England EC3V 9JU  
Canada Life Asset Management is the brand for investment management activities undertaken by Canada Life Asset Management Limited.
- **Canada Life Investment Management Ltd.** located at 255 Dufferin Ave, London ON N6A 4K1  
Canada Life Investment Management Ltd. manages their asset allocation mandates through Portfolio Solutions Group, a division of Canada Life Investment Management Ltd.
- **Connor, Clark & Lunn Financial Group** located at 300-181 University Ave, Toronto ON M5H 3M7
- **GWL Realty Advisors** located at 830-33 Yonge St, Toronto ON M5E 1G4
- **Irish Life Investment Managers Limited** located at Beresford Court, Beresford Place, Dublin 1 Ireland
- **JPMorgan Asset Management (Canada) Inc.** located at Royal Bank Plaza, South Tower, 1800-200 Bay St, Toronto ON M5J 2J2 or 600-999 Hastings St W, Vancouver BC V6C 2W2
- **Mackenzie Investments** located at 180 Queen St W, Toronto ON M5V 3K1  
Mackenzie Investments is the brand for investment management activities undertaken by Mackenzie Financial Corporation.
- **Putnam Investments Canada ULC** c/o Legal Department located at 180 Queen St W, Toronto ON M5V 3K1 or One Post Office Square, Boston MA 02109
- **Setanta Asset Management Limited** located at College Park House, 20 Nassau St, Dublin 2 Ireland

GWL Realty Advisors Inc., Setanta Asset Management Ltd., Canada Life Asset Management, Irish Life Investment Managers Limited and Canada Life Asset Management Ltd. are wholly owned subsidiaries of The Canada Life Assurance Company. Putnam Investments Canada ULC is a wholly owned subsidiary of Great-West Lifeco Inc. The Canada Life Assurance Company and Mackenzie Investments are members of the Power Corporation group of companies. Policies are in place to avoid any potential conflicts of interest.

## Investment manager review process

We offer a wide range of investment funds diversified by investment management style, asset class, market capitalization and region. Canada Life employs a disciplined review process to select and monitor its investment managers.

Through our investment manager review process, we regularly review and monitor investment managers against our standards and established expectations.

These reviews include:

- A review of performance – absolute and risk-adjusted – and the consistency of this performance relative to their peer group and benchmark.
- A review of the investment policies and procedures of the investment fund to ensure that the fund objectives, risk tolerances and investment constraints are being met.
- A review of qualitative factors such as portfolio turnover and consistency of style.

Our review is carried out by our investment manager review committee. This committee consists of members of senior management with a wide variety of business and investment qualifications.

# Fund risks

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Investment funds hold different types of investments – stocks, bonds, other funds, cash – depending on what the fund invests in. Different kinds of investment funds are subject to different risks. The value of the investment funds will vary from day to day because of various factors including changes in interest rates, economic conditions, and market and company news. As a result, the value of investment fund units may go up and down, and the value of your investment may have increased or decreased when you redeem it.

Although you can never eliminate risk, you can reduce the risk through diversification, which means investing in a variety of different investments. You can achieve diversification by investing in an asset allocation fund or investing in several investment funds with different risks.

In certain circumstances, an investment fund may suspend redemptions. For more information, see *When the redemption of your units may be delayed*.

On each *Fund Facts* page the section *Who is this fund for?* can help you decide if the investment fund might be suitable for you.

As well, on each *Fund Facts* page the investment funds have been rated as to how risky they are -low to high -in the section *How risky is it?* This rating, where applicable, has been determined using historical volatility risk as measured by the standard deviation of fund performance. Other types of risk, both measurable and non-measurable, may exist and an investment fund's historical volatility may not capture all potential risks or be indicative of its future volatility. For example, a fund with a low risk level would be more appropriate for an investor with a short time horizon and seeking capital preservation. A fund with a high-risk level would be more appropriate for a long-term investor seeking to grow their capital and can tolerate the up and downs of the stock market. These ratings are meant as a general guide only. You should consult with your financial security advisor who can help you determine your appropriate risk level.

Below is a summary of various types of risks that may apply to the investment funds.

## **Commodity risk**

An investment fund that invests in energy and natural resource companies, such as oil, gas, mining and gold, will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move significantly in short periods of time which will have a direct or indirect impact on the value of the segregated fund. In addition, new discoveries or changes in government regulations can affect the price of commodities.

## **Credit risk**

An issuer of a bond or other fixed-income investment may not be able to pay interest or to repay the principal at maturity. The risk of such a failure to pay is known as credit risk. Some issuers have more credit risk than others. Issuers with higher credit risk typically pay higher interest rates than interest rates paid by issuers with lower credit risk because higher credit risk companies expose investors to a greater risk of loss. Credit risk can increase or decline during the term of the fixed-income investment.

Companies, governments and other entities that borrow money, and the debt securities they issue, are assigned credit ratings by specialized rating agencies. The ratings are a measure of credit risk and take into account many factors, including the value of any collateral underlying a fixed income investment. Credit ratings are one factor used by the portfolio managers of the segregated funds in making investment decisions. A credit rating may prove to be wrong, which can lead to unanticipated losses on fixed-income investments. If the market perceives that a credit risk rating is too high, then the value of the investments may decrease substantially. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value.

The difference in interest rates between an issuer's bond and a government-issued bond that are otherwise identical in all respects except for the credit rating is known as the credit spread. Credit spreads widen if the market determines that a higher return is necessary to compensate for the increased risk of owning a particular fixed-income investment. An increase in credit spread after the purchase of a fixed-income investment decreases the value of that investment.

## **Cyber security risk**

Due to the widespread use of technology the segregated funds and their service providers' have become potentially more susceptible to operational risks through breaches in cyber security. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or segregated fund assets, or cause the segregated fund and/or its service providers to suffer data corruption or lose operational functionality.

## Derivative risk

A derivative security is a financial instrument that derives its value from an underlying security, such as a stock or bond, a currency, or a financial market. It is not a direct investment in the underlying security itself. They are used to reduce the risks associated with changes in interest rates and exchange rates and to enhance returns. The segregated funds can invest in derivatives for hedging purposes and for non-hedging purposes. “Hedging” means a transaction or a series of transactions designed to offset or reduce a specific risk associated with specific positions held by the Funds in certain investments or groups of investments. When derivatives are used for a non-hedging purpose, it allows the segregated funds to invest indirectly in the returns of one or more stocks or an entire index without actually buying the stock(s) or all the stocks in the index.

The segregated funds that invest directly in an underlying fund don’t invest directly in derivatives. Most of the other segregated funds may use derivatives for hedging or reducing risk. They may also use derivative instruments for non-hedging purposes in order to invest indirectly in securities or financial markets and gain exposure to other currencies provided that the use of derivative instruments is consistent with the segregated fund’s investment objectives. The segregated funds may not use derivatives for leverage.

The use of derivatives carries several risks:

- When a derivative is used for hedging, if a market assumption is wrong, the segregated fund could forego gains that it would have attained if it had not entered into the hedging arrangement. In addition, there is no guarantee that hedging will be effective and that it will eliminate or reduce a loss or exposure that it was designed to hedge.
- When a derivative is used for non-hedging purposes, it may expose the segregated fund to volatility and other risks that affect the underlying market. Any losses that the segregated fund may incur as a result of investing in derivatives may be greater than if the segregated fund had invested in the underlying security itself.
- A segregated fund may be unable to “close out” a position to achieve the intended result if trading in a derivative is halted, or if the market for it becomes illiquid or is subject to trading limits.
- The price of a derivative may not accurately reflect the value of the underlying security.
- Many types of derivative contracts involve contracts with third parties. The other party to a derivative contract may not be able to honour its obligations under the contract. In addition, if money has been deposited with a derivatives dealer, the dealer may go bankrupt and money deposited with the dealer will be lost.

## Emerging markets risk

Emerging markets have the risks described under foreign currency risk and foreign investment risk. In addition, they are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of a mutual fund’s securities. In addition, accounting and auditing standards and practices may be less stringent than those of developed countries resulting in limited availability of information relating to a mutual fund’s investments. Further, emerging market securities are often less liquid and custody and settlement mechanisms in emerging market countries may be less developed resulting in delays and the incurring of additional costs to execute trades of securities.

## Extreme market disruptions risk

Certain extreme events, such as natural disasters, war, civil unrest, terrorist attacks, and public health crises like epidemics, pandemics or outbreaks of new infectious diseases or viruses (including COVID-19) can materially adversely affect a segregated fund’s business, financial condition, liquidity or results of operations. Public health crises, such as the COVID-19 outbreak, can result in operating, supply chain and project development delays that can materially adversely affect the operations of third parties in which a segregated fund has an interest. These events could also cause elevated tracking error and increased premiums or discounts to the segregated fund’s net asset value. The effects of public health crises, terrorist acts (or threats thereof), military action or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. Natural disasters, war and civil unrest can also have materially adverse impacts on economic enterprises in the impacted countries. All such extreme events may impact the segregated fund performance..

## **Foreign currency risk**

The net asset value of a segregated fund is calculated in Canadian dollars. Foreign investments are generally purchased in currencies other than Canadian dollars. When foreign investments are purchased in a currency other than Canadian dollars, the value of those foreign investments will be affected by changes in the value of the Canadian dollar relative to those currencies. If the Canadian dollar rises in value relative to the other currency but the value of the foreign investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the Canadian dollar has fallen relative to the other currency, the value of an investment in Canadian dollars will have increased.

## **Foreign investment risk**

Foreign investment risk is the risk of financial loss due to investing in foreign markets. The value of the securities of the investment fund may be affected by general global economic conditions and specific economic conditions in a particular country. The regulatory environment may be less stringent than in North America and many of these companies and governments do not have the same accounting, auditing and reporting standards that apply in North America. The legal systems of some foreign countries may not adequately protect investors. Some foreign stock markets have less trading volume than North American markets, making it more difficult to buy or sell investments. Trading large orders in foreign countries may cause the price to fluctuate more than it would in North America. A country may impose withholding or other taxes that could reduce the return on the investment, or it may have foreign investment or exchange laws that make it difficult to sell an investment. There may be political or social instability in the countries in which a segregated fund invests. Some or all of these factors could make a foreign investment more or less volatile than a Canadian investment.

## **Interest rate risk**

Interest rate risk is the risk of economic loss caused by changes in interest rates. The value of fixed-income securities will change inversely with a corresponding change in interest rates: as interest rates decrease, the value of fixed-income securities will increase, and as interest rates increase, the value of fixed-income securities will decrease. Fixed-income securities with longer terms-to-maturity are generally more sensitive to interest rate changes than those of shorter terms-to-maturity. Changing interest rates can also indirectly impact the share prices of equity securities. When interest rates are high, it may cost a company more to fund its operations or pay down existing debt. This can impair a company's profitability and earnings growth potential, which can negatively impact its share price. Conversely, lower interest rates can make financing for a company cheaper, which can potentially increase its earnings growth potential. Interest rates can also impact the demand for goods and services that a company provides by impacting overall economic activity.

## **Large transaction risk**

Units of the segregated funds may be held by large investors, including other segregated funds. These investors may purchase or redeem large numbers of units of a segregated fund at one time. The purchase or redemption of a substantial number of units of a segregated fund may require the portfolio manager of the segregated fund to change the composition of the portfolio of the fund significantly or may force the portfolio manager of the fund to buy or sell investments at unfavourable prices, which can affect segregated fund's performance.

## **Legislation risk**

Securities, tax, or other regulators may make changes to legislation, rules, and administrative practice. Those changes may have an adverse impact on the value of a segregated fund.

## **Liquidity risk**

Liquidity refers to the speed and ease with which an investment can be sold and converted into cash at a reasonable price. If an investment cannot be quickly or easily sold, it is considered illiquid. Some investments are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. In addition, in highly volatile markets, investments that were considered liquid may suddenly and unexpectedly become illiquid. Generally, investments with lower liquidity tend to have more dramatic price changes. Certain types of investments, such as high-yield bonds, securities of issuers located in emerging markets or equity securities of small capitalization issuers may be more susceptible to liquidity concerns. Difficulty in selling such investments may result in a loss, a reduced return, or additional costs for a segregated fund.

## Market risk

There are risks associated with being invested in the equity and fixed-income markets generally. The market value of a segregated fund's investments will rise, and fall based on specific company developments and broader equity or fixed-income market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based.

## Real estate risk

The Real Estate Fund is the only investment fund that invests directly in real estate. Portfolio funds invest in the Real Estate Fund. The Real Estate Fund and investment funds that invest in the Real Estate Fund could experience a delay when a redemption request is made due to the relative illiquidity of its real estate holdings.

Real estate by nature is not a liquid asset. There is no formal market for trading in real property and very few records are available to the public that give terms and conditions of real property transactions. It may take time to sell real estate investments at a reasonable price. This could limit the investment fund's ability to respond quickly to changes in economic or investment conditions. It could also affect the investment fund's ability to pay policyholders who want to redeem their units. The investment fund will keep enough cash on hand to be able to pay for the normal amount of redemption requests in a timely manner. However, redemptions may be suspended during any period the investment fund does not have sufficient cash or readily marketable securities to meet requests for redemptions. For more information, see *When the redemption of your units may be delayed*.

The unit value of the Real Estate Fund will vary with changes in the real estate market and in the appraised values of the properties the investment fund holds. The value of real estate investments can vary with competition, how attractive the property is to tenants and the level of maintenance. The timing of the appraisal may also affect the value of the investment fund units.

The Real Estate Fund should be considered as a long-term investment and is not suitable for investors who may need to quickly convert their holdings to cash.

In the event the Real Estate Fund is dissolved, policyholders may receive less than the unit value because the unit value is based on appraisals, which may be greater than the amounts received upon the sale of properties pursuant to a liquidation.

## Securities lending, repurchase and reverse repurchase transaction risk

In securities lending transactions, the investment fund lends its portfolio securities to another party (often called counterparty) in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the investment fund sells its portfolio securities for cash while at the same time it assumes an obligation to repurchase the same securities for cash, usually at a lower cost, at a later date. In a reverse repurchase transaction, the investment fund buys securities for cash while agreeing to resell the same securities for cash, usually at a higher price, at a later date. Below are some of the general risks associated with entering into securities lending, repurchase and reverse repurchase transactions:

- When entering into securities lending, repurchase and reverse repurchase transactions, the investment fund is subject to the credit risk that the counterparty may default under the agreement and the investment fund would be forced to make a claim in order to recover the investment.
- When recovering its investment on a default, the investment fund could incur a loss if the value of the securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the investment fund.
- Similarly, an investment fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the investment fund to the counterparty.

## Short selling risk

Certain funds may engage in a disciplined amount of short selling. A short sale is when a fund borrows securities from a lender and then sells the borrowed securities in the open market. At a later date, the segregated fund repurchases the securities in order to return them to the lender. In the interim, the segregated fund must pay compensation to the lender for the loan of the securities and provide collateral to the lender for the loan.



Short selling involves certain risks:

- There is no assurance that the borrowed securities will decline in value during the period of the short sale by more than the compensation paid to the lender, and securities sold short may instead increase in value.
- A segregated fund may experience difficulties in purchasing and returning borrowed securities if a liquid market for the securities does not exist at that time.
- A lender may require a segregated fund to return borrowed securities at any time. This may require the segregated fund to purchase such securities on the open market at an inopportune time.
- The lender from whom a segregated fund has borrowed securities, or the prime broker who is used to facilitate short selling, may become insolvent and the segregated fund may lose the collateral it has deposited with the lender and/or the prime broker.

Where a fund engages in short selling it adheres to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The fund also deposits collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. Although segregated funds may not themselves engage in short selling, they may be exposed to short selling risk because the underlying funds in which they invest may be engaged in short selling.

### **Smaller company risk**

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Securities of smaller companies are usually traded less frequently and in smaller volumes than those of large companies. Smaller companies may have limited financial resources, and a less established market for their securities. Segregated funds that invest a significant portion of their assets in small companies are subject to smaller company risk and may find it more difficult to buy and sell securities and tend to be more volatile than segregated funds that focus on larger capitalization companies.

### **Sovereign risk**

Sovereign risk is the risk that a foreign nation will either fail to meet debt repayments nor honour sovereign debt payments. This may be more prevalent in foreign markets that experience great political, social or economic instability. It also includes the risk that a foreign central bank will alter its foreign exchange regulations, significantly reducing or completely nullifying the value of its foreign exchange contracts.

### **Underlying fund risk**

The profile funds and some of the other investment funds use a fund-of-fund structure whereby the investment fund invests all of its assets in a secondary or underlying fund. Depending on the size of the investment made by the investment fund in an underlying fund and the timing of the redemption of this investment, an underlying fund could be forced to sell significant assets prematurely to accommodate a large redemption request. This may negatively impact the unit price of the underlying fund. In addition, the performance of the segregated fund is directly related to the investment performance of the underlying fund(s) held by it.

# Fund Facts

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The individual *Fund Facts* for each investment fund are available to you in the Fund Facts booklet which is provided with this information folder. You can choose to invest in one or more of these funds.

The individual *Fund Facts* give you an idea of what each investment fund invests in, how it has performed and what fees or charges may apply.

The description of each investment fund in the individual *Fund Facts* is not complete without the following description of *What if I change my mind?* and *For more information*.

## What if I change my mind?

You can change your mind and cancel the investment fund contract, the initial pre-authorized monthly premium or any lump-sum premium you apply by telling us in writing within two business days of the earlier of the date you received confirmation of the transaction or five business days after it is mailed.

Your cancellation request has to be in writing, which can include email, fax or letter. The amount returned will be the lesser of the amount you invested or the value of the applicable units you acquired on the day we process your request. The amount returned only applies to the specific transaction and will include a refund of any sales charges or other fees you paid. The transaction may generate a taxable result and you are responsible for any income tax reporting and payment that may be required as result of any transaction.

## For more information

The *Fund Facts* may not contain all the information you need.

Please read the contract and the information folder or you may contact us at:

**The Canada Life Assurance Company**

255 Dufferin Ave  
London ON N6A 4K1

**Web:** [canadalife.com](http://canadalife.com)

**Email:** On our website please go to [Contact Us Section](#)

**Phone:** 1-888-252-1847

# Glossary of terms

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This section provides an understanding of some of the terms used in this information folder.

## **Administrative rules**

Internal rules that govern our operations, including policies, guidelines, rules and practices of Canada Life, which can change at our sole discretion, without notice.

## **Annuitant**

The annuitant is the individual on whose life the maturity and death benefit guarantees are based.

## **Beneficiary**

The beneficiary is the person, persons or entity appointed to receive any amounts payable after the last annuitant's death. If there is no living beneficiary, we will pay the death benefit to the policyholder's estate.

## **Capital gains**

The profit that results when an asset is sold for more than its adjusted cost base.

## **Capital loss**

The loss that results when an asset is sold for less than its adjusted cost base.

## **Diversification**

Investing in a number of different securities, companies, industries or geographic locations in an attempt to reduce the risks inherent in investing.

## **Guaranteed death benefit**

The minimum amount to be received by a beneficiary upon the death of the annuitant. For more information, see *Guaranteed benefits*.

## **Investment management fee**

The amount paid for supervising a fund and administering policy operations. This fee is a component of the MER.

## **Life income fund (LIF) or restricted life income fund (RLIF)**

A LIF/RLIF is established by the transfer of locked-in pension assets from a pension plan, a LRSP, a LIRA or RLSP.

## **Locked-in plans**

When used in reference to an RSP, LIF, PRIF, LRIF or pension plan, "locked in," means a policy in which accumulated benefits can only be used to purchase retirement income as specified by pension regulations.

## **Load**

Commissions that may be charged when you allocate premiums or redeem certain investment funds.

## **Locked-in retirement account (LIRA), locked-in RRSP (LRSP) or restricted locked-in savings plan (RLSP)**

A LIRA, LRSP or RLSP are registered retirement savings plan from which, generally, funds cannot be redeemed except for the purchase of a life annuity, LIF, PRIF, RLIF or LRIF. A LIRA, LRSP and RLSP are only available until the end of the year in which you turn 71 (or such other age as the tax legislation then in effect may provide).

## **Locked-in retirement income fund (LRIF)**

A legislated type of RRIF which applies to locked-in funds transferred from a LIRA. This type of plan is available only in certain provinces. The legislation governs the minimum and maximum annual payout. An LRIF may be converted to a life annuity at any age, but it is not necessary to do so.

## **Management expense ratio (MER)**

The MER is the total of the annual investment management fee and operating expenses (including any applicable expenses of an underlying fund) paid by the segregated fund and is expressed as an annualized percentage of daily average net assets during the year. The MER includes GST and interest, where appropriate, for all years. Where the reporting period is less than one year, the MER has been annualized.

## **Maturity date**

The contractual date the policy matures.

## **Maturity guarantee**

The minimum amount to be received by the policyholders upon maturity of the policy. For more information, see *Guaranteed benefits*.

## **Maximum age**

Maximum age means the maximum age stipulated for a maturing RRSP as set out in the *Income Tax Act (Canada)* as amended from time to time. As of the date of this information folder, the date and the maximum age stipulated in the *Income Tax Act (Canada)* is Dec. 31 of the year the annuitant attains age 71.

## **Policyholder**

The policyholder is the individual who is the legal owner of the policy. One or more individuals may own non-registered policies. Registered policies can only be owned by one individual, the annuitant. All policy information is sent to the policyholder.

## **Portfolio turnover rate**

The investment fund's portfolio turnover rate shown in the *Fund Facts* generally indicates how actively the investment manager manages the investments. A portfolio turnover rate of 100 per cent is equivalent to the investment fund buying and selling each security once in the course of the year. High portfolio turnover rates can increase portfolio costs and may also increase the likelihood of taxable capital gains being distributed by the investment fund. There is no proven relationship between a high turnover rate and the performance of an investment fund.

## **Registered pension plan (RPP)**

A plan registered with Canada Revenue Agency and established by an employer to provide pension benefits for employees when they retire. Both employer and employee may contribute to the plan and contributions are tax-deductible.

## **Prescribed retirement income fund (PRIF)**

A PRIF is available in certain provinces and is a prescribed retirement arrangement that can be established with funds locked-in by pension legislation. These work the same way as a RIF, with a legislated minimum amount that must be redeemed each year.

## **Retirement income fund (RIF or RRIF)**

A registered policy which permits annual redemptions to provide retirement income, while maintaining the tax-free accumulation of the remaining balance. The annual redemptions must be at least equal to a minimum calculated according to a prescribed formula.

## **Retirement savings plan (RSP or RRSP)**

A plan available to individuals to defer tax on a specified amount of money to be used for retirement. Income tax on contributions and earnings within the plan is deferred until the money is redeemed at retirement. RRSPs proceeds can be transferred into retirement income funds.

## **Segregated fund**

For information, see *How our investment funds work*.

## **Underlying fund**

An underlying fund is a secondary fund, usually a mutual or pooled fund, in which some of our investment funds may invest. By purchasing units in an investment fund, you do not become a unitholder of the underlying fund. For more information, see *How our investment funds work*.



Visit [canadalife.com](http://canadalife.com)

Toll-free phone: 1-888-252-1847

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47-0121 – 5/23