Preferred series 2

Contract

Segregated funds
Individual variable annuity policy

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

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

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

46-8425– 9/25

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1. General Provisions

1.1 Provisions

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

The "Annuitant" is the person or persons upon whose life or lives the policy is based as named in the application. The Annuitant cannot be changed except in accordance with sections 4.2.9 and 4.3.8. Where the Annuitant is changed under either of these provisions, any provisions dependent on the age of the Annuitant will be based on the age of the original Annuitant as named on the application.

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

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

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

Where the policy is non-registered and where "Joint Applicant(s)" have been indicated in the application, the word Policyowner will mean all the Joint Policyowners. We will require written instructions from all Policyowners to take any action under the policy. Ownership of the policy following the death of a Joint Policyowner depends on the type of Joint Policyowner selected on the application.

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

A) With right of survivorship

Where Joint Policyowners have been named on the application with right of survivorship (subrogated Policyowner in Quebec) on the death of a Joint Policyowner who is not the Annuitant, the other Joint Policyowner will become the sole Policyowner. You are responsible for any income tax reporting and payment that may be required as a result of the change in ownership. If the deceased Joint Policyowner is the Annuitant the applicable Death Benefit as set out in sections 2.9.3, 2.10.3 or 2.11.5 will be paid.

B) Tenants in common

Where Joint Policyowners have been named on the application as tenants in common, on the death of a Joint Policyowner who is not the Annuitant, if no Contingent Policyowner (see section 1.6) has been named, the estate of the deceased Policyowner will take the place of the deceased Joint Policyowner. You are responsible for any income tax reporting and payment that may be required as a result of the change in ownership. If the deceased Joint Policyowner is the Annuitant the applicable Death Benefit as set out in sections 2.9.3, 2.10.3 or 2.11.5 will be paid.

Where You have requested the policy be registered and if You are the Annuitant named in the application for the policy, the additional provisions of the registered retirement savings plan ("RRSP"), locked-in retirement account ("LIRA"), locked-in RRSP ("LRRSP"), restricted locked-in savings plan ("RLSP"), life income fund ("LIF"), restricted life income fund ("RLIF"), locked-in retirement income fund ("LRIF"), prescribed registered retirement income fund ("PRIF"), registered retirement income fund ("RRIF") or tax- free savings account ("TFSA") endorsement apply, as applicable. The terms of the endorsements, where applicable, will override any conflicting provisions except where the Annuitant is changed under sections 4.2.9 or 4.3.8, any provisions dependent on the age of the Annuitant will be based on the age of the original Annuitant as named on the application.

You selected one of three available guarantee levels reflecting either the 75/75 Guarantee, 75/100 Guarantee or 100/100 Guarantee ("Guarantee Level") in the application. Although these policy provisions include sections for all three guarantee levels, the only section that applies to Your contract is the one relating to the Guarantee Level You selected. You can only hold one Guarantee Level in Your policy. For more information on the Guarantee Levels see sections 2.9 *75/75 Guarantee Provisions*, 2.10 *75/100 Guarantee Provisions* and 2.11 100/100 Guarantee Provisions, as applicable. You may also have selected a Death Benefit Guarantee Reset Option and/or Maturity Guarantee Reset Option, as applicable. All Guarantee Levels may not be available to all policyowners. Eligibility will be determined in accordance with our then current administrative rules.

You can pay Premiums (as defined in section 2.4.1) from time to time to various Canada Life Segregated Funds ("Segregated Funds"). We reserve the right to add or withdraw investment options. The preferred series 2 contract is subject to a Minimum Investment Amount and/or a Minimum Total Holdings requirement as set out in our then-current administration rules. For more information see section 2.4.2 Sales charge option and minimum requirement.

You must meet and maintain the minimum of this requirement. You must provide any documentation that We request to determine You meet the Minimum Investment Amount and/or a Minimum Total Holdings requirement.

You must enter into a Preferred series 2 fee agreement ("Fee Agreement") with respect to the investment management fee, operating expense fee and advisory and management service fee. For more information, see section 2.7 Investment management fee, operating expense fee and advisory and management service fee. If a Fee Agreement is not received with the application We will set the investment management fee, operating expense fee and advisory and management service fee in accordance with our then-current administrative rules and this will apply until a Fee Agreement is received in good order at Our Administrative Office.

If You do not enter into a Fee Agreement or meet the Minimum Investment Amount and/or Minimum Total Holdings requirement within 30 days of Your application for this contract being received at Our Administrative Office We may terminate the contract and return to You the lesser of the amount of the Premiums received or the value of the Units acquired on the day We process the termination less any accrued investment management, operating expense and advisory and management service fees.

Payment of this amount discharges Our obligations under this policy.

The above right is not affected by the fact that We may not have taken action within the 30 days to notify You that You have not met an applicable requirement. We reserve the right to increase the period of time to receive a Fee Agreement or meet the Minimum Investment Amount and/or Minimum Total Holdings requirement at Our sole discretion. We will give You written notice of Our intent to terminate the contract and provide a time period for You to take action to either meet the requirements or request a transfer of the value to another policy or financial institution. Our notice to You will specify the period of time and will be sent to Your most recent address on Our records for this policy.

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

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

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

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

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

1.2 Administrative Office

Our Head Office is located at 100 Osborne St N, Winnipeg MB R3C 3A5 or any other location that We might specify to be Our Head Office.

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

The Canada Life Assurance Company
Wealth Operations, T-424
255 Dufferin Ave
London ON N6A 4K1

The Canada Life Assurance Company
Wealth Operations, M-1110
1350 René-Lévesque Blvd W
Montréal QC H3G 1T4

1.3 Joint Annuitants

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

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

Except where the policy is owned by a corporation or other entity that is not an individual, the Joint Annuitants shall also be Joint Policyowners with rights of survivorship (where Quebec law applies: rights of survivorship means accretion and in order to obtain the same legal effects, Joint Policyowners must appoint and maintain each other as his/her subrogated Policyowner). Where Joint Annuitants are also Joint Policyowners upon the death of a Joint Annuitant the surviving Annuitant will become the sole Annuitant and Policyowner.

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

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

1.4 Beneficiary

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

Any designation of a beneficiary, or any revocation or change of a designation, unless otherwise permitted by law, must be made in writing. We will not be bound by any designation, revocation or change that has not been recorded at Our Administrative Office prior to Us taking any action or making any payment. We assume no responsibility for the validity or effect of any designation, revocation or change.

1.5 Death Benefit Provisions

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

The amount of any Death Benefit will be determined as set out in sections 2.9.3, 2.10.3 or 2.11.5, as applicable. The Death Benefit for the policy is the sum of the Death Benefit for all Segregated Funds.

1.6 Contingent Policyowner

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

1.7 Assignment

1.7.1 Assignment By You

Subject to applicable laws, You can assign this contract. We will not recognize an assignment until the original or a true copy is recorded at the Administrative Office. Canada Life is not responsible for the validity of any assignment. An absolute assignment of this contract will make the assignee the Policyowner and revoke any revocable beneficiary and contingent policyowner designations unless the document by which the contract is assigned specifies otherwise: a collateral assignment or movable hypothec in Quebec will not.

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

1.7.2 Assignment By Us

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

1.8 Non-Participating

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

1.9 Age, Gender and Survival

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

Where the Annuitant or youngest Joint Annuitant is over the age of 90 policies will only be issued at the discretion of Canada Life. Such policies will be subject to additional restrictions, in accordance with our then current administrative rules, and not all of the options described in this contract will be available. Such restrictions may include, but are not limited to, restrictions on guarantee levels, additional premiums and the Segregated Funds available to you.

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

1.10 Place of Payment and Currency

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

1.11 Policy Maturity Date

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

For a policy that is a RRSP, Spousal RRSP, LIRA, LRRSP or RLSP (subject to applicable pension legislation), if other instructions are not received from You, payment will commence on a RRIF, Spousal RRIF, PRIF, LIF or RLIF basis (as applicable) on or about the fourth last Valuation Day (as defined in section 2.3A) of the year You attain the Maximum Age, and the Policy Maturity Date will be the Policy Maturity Date for a RRIF, Spousal RRIF, PRIF, LIF or RLIF (as applicable). The commencement of payments on a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF basis will not change the Death Benefit Guarantee or Maturity Guarantee. Maximum Age means the date and the maximum age stipulated for a maturing RRSP as set out in the Tax Act as amended from time to time.

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

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

1.12 Annuity Provisions

No Premiums will be accepted after annuity payments commence and the Maturity and Death Benefit Guarantees as set out in sections 2.9, 2.10 and 2.11 (as applicable) no longer apply. For policies other than a TFSA, payments are not commutable during the Annuitant's lifetime. Where annuity payments depend upon the survival of the Annuitant We may require evidence that an Annuitant is living when any payment becomes due.

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

1.12.1 Policy other than a TFSA policy and other than a policy held in a Trusteed Registered Plan that is a TFSA

If the last Annuitant dies after the date annuity payments commence but prior to the payment of 120 monthly payments, a death benefit equaling the commuted value of the remaining annuity payments will be payable in one sum. The payment will be made to the named beneficiary, if there is one, otherwise to You or Your estate. If the last Annuitant dies after 120 monthly annuity payments have been made, the annuity payments cease with the last payment before the death of the last Annuitant.

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

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

Policyowner Resident In Quebec When The Policy Is Issued

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

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

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

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

(i) If the Annuitant is male and the Policyowner elects to commence annuity payments

- In the month next following the month the Annuitant attains the age of 80 years, $5.10;
- In the month next following the month the Annuitant attains the age of 90 years, $5.95; or

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

If the Annuitant is female and the Policyowner elects to commence annuity payments

- In the month next following the month the Annuitant attains the age of 80 years, $4.84;
- In the month next following the month the Annuitant attains the age of 90 years, $5.92; or

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

(ii) Where Joint Annuitants are selected in the application, if the Joint Policyowners elect to commence annuity payments

- In the month next following the month the youngest Annuitant attains the age of 80 years, $3.96;
- In the month next following the month the youngest Annuitant attains the age of 90 years, $4.95;

If an election is not made, the rate will be $4.98 and payments will commence following the Policy Maturity Date.

If only one Annuitant is alive on the election date or the Policy Maturity Date, provision (i) will apply.

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

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

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

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

Policyowner Resident In Quebec When The Policy Is Issued

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

a) The then current Canada Life annuity rate for a one-year term certain annuity; and

b) $82.13 for each $1,000 of Cash Value of Your policy.

1.13 Notice

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

1.14 Fees for Additional Services

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

1.15 Recovery of Expenses and Investment Losses

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

2. Segregated Funds

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

2.1 The Canada Life Segregated Funds

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

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

Each Segregated Fund can be divided into an unlimited number of classes ("Class"). Each Class can be subdivided into an unlimited number of notional units of equal value ("Units"). Currently You can allocate Premiums to one of three Classes of the Segregated Funds reflecting the 75/75 Guarantee Level, the 75/100 Guarantee Level or the 100/100 Guarantee Level.

Some guarantee levels and Segregated Funds may not be available to all policyowners, talk to your advisor.

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

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

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

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

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

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

2.2 Information Folder

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

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

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

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

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

2.3 Valuation

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

A. Value of a Segregated Fund

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

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

B. Unit Value

For each Class We calculate a NAV per unit ("Unit Value"). A Unit Value for each Class is calculated by dividing the total value of the Net Assets attributed to each Class by the total number of Units outstanding. The Unit Value will fluctuate with the value of the Segregated Fund's investments. Generally, We determine the Unit Value on a Valuation Day according to Our rules then in effect.

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

C. Market Value

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

D. Cash Value

The cash value of Your policy ("Cash Value") for purposes of redemptions and switches will be the Market Value less any accrued fees (as set out in section 2.7) and other applicable fees and charges.

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

2.4 Premiums, Redemptions and Switches

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

2.4.1 Premium Provisions and Allocating Premiums to a Segregated Fund

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

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

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

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

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

We may accept Premiums where the Annuitant or youngest Joint Annuitant is over the age of 90, in our sole discretion. Such policies will be subject to additional restrictions, in accordance with our then current administrative rules, and not all of the options described in this contract will be available. Such restrictions may include, but are not limited to, restrictions on guarantee levels, Premiums and the Segregated Funds available to you.

We will create a record for each Segregated Fund to which a Premium is allocated. We will track all transactions in these Segregated Fund records. Subject to the following, We will provide You with a confirmation of transactions within a reasonable period of time. For PAC transactions a confirmation will only be provided when the PAC is established. We will not provide a confirmation for redemptions to pay fees. All redemptions will, however, be reflected in a statement that will be provided to You at least annually. If You do not advise Us in writing of potential discrepancies in the confirmation or statement within 60 days of the confirmation or statement date, they will be deemed to be correct.

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

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

The number of Units allocated to Your policy will equal the amount of the Premium less any applicable deductions which may include a front-end load fee, premium taxes and other governmental levies divided by the Unit Value of the applicable Class at the time. See section *2.3 Valuation* for more information.

Electronic Transactions

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

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

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

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

We have the right to limit or refuse additional premiums and switches to, and redemptions from, segregated funds, and in some circumstances we may require that you seek approval from us before making additional premiums to the policy.

2.4.2 Sales Charge Options and Minimums

Preferred series 2 Front-End Load Option

Preferred series 2 front-end load option ("preferred series 2") Units are subject to a Minimum Investment Amount and/or a Minimum Total Holdings requirement.

This requirement is described below. To allocate Premiums to preferred series 2 Units You must meet and maintain the minimum of this requirement as set out in this section.

If You allocate Premiums to preferred series 2 Units the front-end load fee You agree to pay will be deducted from the Premium and paid to Your advisor's firm. The remaining amount will be allocated to the Segregated Fund(s) You select. **The front-end load fee is negotiable with Your advisor up to a maximum of two per cent.** We can change the maximum front-end load fee applicable to subsequent Premiums upon notice to You.

Preferred series 2 Minimum Investment

Currently, to invest in preferred series 2 Units You must:

- Have met the Minimum Total Holdings requirement as set out below; as set out in Our then-current administrative rules
- Complete a preferred series 2 agreement

The amount of additional premiums including though a PAC, and the amount allocated to each Segregated Fund must meet Our administrative rules in effect at the time. For information on the current amounts, see the then-current information folder. We reserve the right to change the minimum and maximum amounts from time to time.

Preferred series 2 Minimum Total Holdings

The preferred series 2 Units are subject to a Minimum Total Holdings requirement as set out in Our then-current administrative rules. You can meet this Minimum Total Holdings requirement by applying investments either to this policy and/or to other approved investment products ("Eligible Product").

Eligible Products must be held as follows:

1. In your name
2. In your spouse's name
3. In joint names between you and your spouse
4. In the name of or in trust for dependent children (living in the same household as you)
5. In your parent's name (when living in the same household as you)
6. In a corporate name if you own more than 50 per cent of the voting shares of the corporation
7. Individual Pension Plan where the investor is the sole annuitant
8. Trust as long as both the trustee and the beneficiary each qualify according to one of the criteria as listed in points 1-6 above

The Eligible Products used to access the Minimum Total Holdings requirement are referred to as the "Total Holdings". You must tell us which Eligible Products will be included in the Total Holdings.

We reserve the right to change or waive the Minimum Investment Amount and/or the Minimum Total Holdings amounts, without notice.

Failure to maintain a Minimum Investment Amount and/or Minimum Total Holdings

If You make a redemption, automatic partial redemption ("APR") or scheduled income redemption from your preferred series 2 policy which results in the Market Value falling below the then current minimum investment threshold, as set out in Our then-current administrative rules, or you make a redemption from any Eligible Products which results in Your Total Holdings market value falling below the then current Minimum Total Holdings threshold, We may change the investment management fee band to the Below Series 2 Threshold investment management fee band. You will continue to pay the applicable operating expense and advisory and management service (AMS) fees. For more information, see section 2.7 *Investment management fee, operating expense fee and advisory and management service fee.*

We review and update the market value of the Total Holdings on a regular basis. The frequency of the review may change from time to time and without notice.

We will give You written notice of Our intent to process the above change to the Below Series 2 Threshold investment management fee band. We will send the notice to Your most recent address on Our records for this policy. If at the end of the notice period the market value of the Total Holdings is then above the current minimum investment threshold the above change will not be completed.

We will not automatically change the investment management fee back to the preferred series 2 investment management fee bands. Once You meet the applicable Minimum Investment Amount and/or Minimum Total Holdings requirements, in accordance with Our then-current administrative rules, You can request the preferred series 2 investment management fee bands again.

2.4.3 Short-Term Trading

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

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

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

2.4.4 Switching Units within Your Policy

You can switch units of one segregated fund in your policy for units of another segregated fund that are available to you, on any valuation day by sending appropriate documentation acceptable to us at our administrative office.

You can switch all or part of the market value of Units allocated to Your policy by providing Us, at the Administrative Office, with appropriate documentation in Our approved form to that effect, subject to Our then-current administrative rules. Switches will be subject to any applicable short-term trading fee in accordance with section 2.4.3, accrued fees as set out in section 2.7, other applicable fees and charges.

When You request a switch between Segregated Funds You are redeeming Units of a Segregated Fund and allocating the proceeds to another Segregated Fund. The oldest Units of the Segregated Fund will be switched first.

The switch request must indicate the Segregated Fund(s) and the number of Units, percentage or dollar value You wish to redeem and the Segregated Fund(s) You wish to allocate the proceeds to.

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

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

After the switch the investment management fee and operating expense fee, plus calculated using the investment management fees applicable to the Segregated Fund You have switched to.

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

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

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

Switch requests will be processed in the order they are received. For a non-registered policy, switches may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required.

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

Automatic switches

Upon request and subject to Our then-current administrative rules, You can establish a scheduled switch of a set amount from one segregated fund to another or multiple segregated funds in the policy. Once there is insufficient market value in the segregated fund to complete the next scheduled switch, a full switch will occur to deplete the fund.

2.4.5 Redemptions

You can redeem all or part of the value of Units allocated to Your policy by providing Us, at the Administrative Office, with appropriate documentation in Our approved form to that effect. Redemptions are subject to Our then-current administrative rules and Applicable Legislation. Redemptions will be subject to any applicable short-term trading fee in accordance with section 2.4.3, accrued fees as set out in section 2.7, applicable withholding taxes, fees and other charges.

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

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

We will redeem Units to fund Your request based upon the age of the Units held in the applicable Segregated Funds, with oldest Units being redeemed first. A cheque for the proceeds, less any accrued fees as set out in section 2.7, applicable withholding taxes, fees or charges, will be mailed to Your most recent address on Our records for this policy or as requested in writing or the proceeds will be directly deposited to Your bank account once all documentation required to process Your redemption request is received in a form acceptable to Us.

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

If You request a redemption from an Eligible Product, including this policy, which results in Your Total Holdings market value falling below the then current minimum Total Holdings threshold, as set out in Our then-current administrative rules, We may change the investment management fee band to the Below Series 2 Threshold investment management fee band. For more information, see *Failure to maintain a Minimum Investment Amount and/or Minimum Total Holdings* in section 2.4.2.

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

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

The current minimum amount for a redemption is subject to Our then-current administrative rules. For information on the current amount, see the then-current information folder. We reserve the right to change the minimum amount from time to time.

You may make two unscheduled redemptions in each calendar year, subject to Our then-current administrative rules. You cannot carry forward any unused unscheduled redemptions to another year. Additional redemptions are subject to an administrative charge. We reserve the right to increase or decrease the allowed number of unscheduled redemptions without notice.

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.

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

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

2.4.6 Automatic Partial Redemptions and Scheduled Income Redemptions

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

If You request an APR or scheduled income redemption from an Eligible Product, including this policy, which results in Your Total Holdings market value falling below the then current minimum Total Holdings threshold, as set out in Our then-current administrative rules, We may change the investment management fee band to the Below Series 2 Threshold investment management fee band. For more information, see *Failure to maintain a Minimum Investment Amount and/or Minimum Total Holdings* in section 2.4.2.

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

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

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

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

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

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

2.5 Rebalancing Service

The rebalancing service is an automatic portfolio rebalancing service that allows You to invest in selected Segregated Funds and choose to have the Segregated Funds rebalanced to a target allocation on specific rebalancing dates. The frequency of the rebalancing and the rebalancing range percentages selected by You are subject to Our then-current administrative rules.

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

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

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

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

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

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

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

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

If You redeem all the Units in a Segregated Fund that was part of Your target allocation without providing Us with amended instructions, We will rebalance the remaining eligible Segregated Funds and proportionately reallocate the value of the Units to the Segregated Funds in Your stated target allocation including the redeemed Segregated Fund at time of the next scheduled rebalancing.

We reserve the right to introduce fees for the rebalancing service and minimum amounts on prior written notice to You. We may terminate the rebalancing service at any time by providing notice to You in accordance with Our then-current administrative rules.

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

2.6 Suspensions, Postponements and Limited Liquidity

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

a) During any period when normal trading is suspended on any stock exchange within or outside of Canada on which securities are listed which represent a significant percentage, in Our sole discretion, by value of the total assets of the Segregated Fund or underlying fund, without allowance for liabilities; or

b) When circumstances exist as a result of which, in Our opinion, it is not reasonably practicable to dispose of investments held for the Segregated Fund or as a result of which any such disposal would be materially prejudicial to the policyowners who hold Units in the Segregated Fund.

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

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

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.

2.7 Investment Management Fees, Operating Expenses and Advisory and Management Service Fee

When You invest in preferred series 2 Units You agree to pay the following fees:

- Investment management fee;
- Operating expense fee; and
- Advisory and management service (AMS) fee

The investment management fee, operating expense fee and AMS fee are described below and will be set out in the Fee Agreement. Each of these fees are calculated and accrued daily and will be charged by redeeming Units from each Segregated Fund in Your policy on or after month end.

Whenever the remaining Market Value of a Segregated Fund will be less than the upcoming monthly fee, in our sole discretion, the accrued investment management fee, operating expense fee and AMS fee will be collected prior to a switch being completed or a redemption, automatic partial redemption or scheduled income redemption being processed. We have the right to change frequency of when the above fees are paid by giving You notice.

You authorize Us to redeem the appropriate number of Units from Your Segregated Funds without further notice to You and apply the redemption proceeds to the payment of the fees, plus applicable taxes. All fees are paid to Us. If a Segregated Fund does not have sufficient value to cover the accrued fees You authorize Us to redeem Units from another Segregated Fund, as set out in our then-current administrative rules, to pay these fees. In a non-registered policy the redemption of Units to pay the investment management, operating expense fee and AMS fee may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required.

The investment management fee, operating expenses fee and AMS fee will not proportionally reduce the Maturity or Death Benefit Guarantee Amounts.

Investment Management Fee

For each Segregated Fund held in Your policy You will pay an investment management fee, calculated as a percentage of the market value of each Segregated Fund. The investment management fee varies depending on the Guarantee Level, Segregated Fund chosen and the market value of Your Total Holdings. The value of Your Total Holdings is reviewed and updated on a regular basis. The frequency of the review and updating of Your Total Holdings may change from time to time and without notice. The investment management fee bands will be set out in the Fee Agreement. The investment management fees will not exceed Our then current schedule of management fees. We reserve the right, subject to section 2.8 *Fundamental Changes to a Segregated Fund*, to increase an investment management fee by giving You 60 days' notice.

The investment management fee is calculated and accrued daily. You are also required to pay applicable taxes on the investment management fee, including harmonized sales tax ("HST") or goods and services tax ("GST"). The daily accrued amount of the investment management fee is equal to the market value of the Units of each Segregated Fund held in Your policy multiplied by the applicable investment management fee band for that day plus applicable taxes.

Where You Meet the Minimum Total Holdings Threshold

Currently there are six investment management fee bands and You will automatically move between these investment management fee bands as the market value of Your Total Holdings fluctuates. Subject to our then-current administrative rules, where You make a redemption which brings the market value of Your Total Holdings below the minimum threshold You will become subject to the following paragraph.

Where You Do Not Meet the Minimum Total Holdings Threshold

Subject to our then-current administrative rules, where the Minimum Total Holdings threshold is not met We may apply the Below Series 2 Threshold investment management fee band. For more information, see *Failure to maintain a Minimum Investment Amount and/or Minimum Total Holdings* in section 2.4.2.

You will remain in the Below Series 2 Threshold investment management fee band until You meet the Minimum Total Holdings threshold and We receive Your request to have the preferred series 2 investment management fee bands apply to Your policy.

Operating Expense Fee

For each Segregated Fund held in Your policy You are responsible for paying all operating expenses related to the preferred series 2 Units. Operating expenses may include but are not limited to legal, audit, custodian, order processing, portfolio valuation and report preparation costs. The current annualized operating expense fee for each Segregated Fund will be set out in the Fee Agreement. As operating expenses change We reserve the right to change the operating expense fee without notice to You.

The operating expense fee is calculated and accrued daily. You are also required to pay applicable taxes on the operating expense fee, including harmonized sales tax ("HST") or goods and services tax ("GST"), to Us.

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

Advisory and management service (AMS) fee

For each Segregated Fund held in Your policy You will pay an advisory and management service fee ("AMS fee"). The AMS fee is negotiated between You, Your advisor and Us and set out in the Fee Agreement. The AMS fee may be renegotiated only if You, Your advisor and We agree.

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

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

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

Management expense ratio (MER)

Preferred series 2 Units do not have a MER as the investment management fee and operating expenses are paid by You. The cost to You of investing in a Segregated Fund under this policy is represented by the amount charged by redeeming Units from Your policy to pay for the investment management fee, operating expense fee and AMS fee.

2.8 Fundamental Changes to a Segregated Fund

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

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

If applicable, an increase in the fee charged for the Maturity Guarantee Reset Option or the Death Benefit Guarantee Reset Option if the increase is greater than the maximum allowed (see sections 2.10.5 *Death Benefit Guarantee Reset Fee*, 2.11.4 *Maturity Guarantee Reset Fee* and 2.11.7 *Death Benefit Guarantee Reset Fee*, as applicable).

During the notice period, You will have the right to switch the value of Your Units from the affected Segregated Fund to the same Class of a similar Segregated Fund that is not subject to the fundamental change provided You advise Us, in a form satisfactory to Us, at least five (5) business days prior to the change happening. We will advise You of similar Segregated Funds that are available to You. A similar fund is a Segregated Fund within the same investment fund category that has a comparable investment objective and the same or lower investment management fees. The notice will be sent to Your most recent address on Our records for this policy.

If We do not offer a similar Segregated Fund, You have the right to redeem Your Units provided You advise Us at least five (5) business days prior to the change happening. We will advise You if this applies to You. You are responsible for any accrued fees as set out in section 2.7 up to the day a switch or redemptions occurs.

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

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

2.9 75/75 Guarantee Provisions

The provisions of this section apply if You selected the 75/75 Guarantee on the application.

2.9.1 Maturity Guarantee

The Maturity Guarantee is provided on the Maturity Guarantee Date (see section 2.9.2). The Maturity Guarantee on that date is the greater of the:

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

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

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

2.9.2 Maturity Guarantee Date

The Maturity Guarantee Date is determined as follows:

A) Where this policy is an RRSP, Spousal RRSP, LIRA, LRRSP or RLSP and the Valuation Day when the first Premium is allocated to the policy is:

i) Prior to the Annuitant attaining age 60, the Maturity Guarantee Date will be December 31 of the year the Annuitant attains the Maximum Age; or

ii) On or after the Annuitant attains age 60, the Maturity Guarantee Date is December 31 of the year the Annuitant attains age 80, subject to the policy commencing payment as a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age.

If You surrender the policy prior to the dates and conditions set out in A (i) and (ii) above, there is no Maturity Guarantee Date.

B) Where this policy is a non-registered policy, a RRIF, Spousal RRIF, PRIF, LIF, RLIF, LRIF or TFSA policy, the Maturity Guarantee Date will be the same date as the Policy Maturity Date.

C) If December 31 is not a Valuation Day the Maturity Guarantee Date will be the Valuation Day prior to December 31.

2.9.3 Death Benefit

A) If We receive notification at Our Administrative Office, acceptable to Us, of the death of the last Annuitant on a Valuation Day that is on or prior to the Policy Maturity Date and prior to the Cut-off Time, We will determine the Death Benefit as of this day. If the notification is received after the Cut-off Time, or the date of notification is not a Valuation Day, We will use the next Valuation Day. Any PACs, automatic partial or scheduled income redemptions being made will cease. The accrued fees as set out in section 2.7, will be charged at this time.

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

The "Death Benefit" means the value of the Units allocated to the policy as of the Valuation Day We determine the Death Benefit and any applicable top-up payments less any investment management, operating expense and AMS fees payable up to the date We make payment to the beneficiary or Your estate.

Once We have received satisfactory proof of the last Annuitant's death and a beneficiary's right to the proceeds, We will pay the Death Benefit to the beneficiary. If there is no surviving beneficiary, We will pay it to You or Your estate.

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

The Death Benefit will not be payable if the last Annuitant's death occurs after the Policy Maturity Date.

B) The Death Benefit Guarantee Amount is 75 per cent of the Premiums allocated to the policy reduced proportionally by any redemptions from the policy.

2.10 75/100 Guarantee Provisions

The provisions of this section apply if You selected the 75/100 Guarantee on the application.

2.10.1 Maturity Guarantee

The Maturity Guarantee is provided on the Maturity Guarantee Date (see section 2.10.2). The Maturity Guarantee, on that date, is the greater of the:

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

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

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

2.10.2 Maturity Guarantee Date

The Maturity Guarantee Date is determined as follows:

A) Where this policy is an RRSP, Spousal RRSP, LIRA, LRRSP or RLSP and the Valuation Day when the first Premium is allocated to the policy ("Fund Entry Date") is:

i) Prior to the Annuitant attaining age 60, the Maturity Guarantee Date will be December 31 of the year the Annuitant attains the Maximum Age; or

ii) After the Annuitant attains age 60, the Maturity Guarantee Date is December 31 of the year the Annuitant attains age 80, subject to the policy commencing payment as a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age

If You surrender the policy prior to the dates and conditions set out in A (i) and (ii) above, there is no Maturity Guarantee Date.

B) Where this policy is a non-registered policy, a RRIF, Spousal RRIF, PRIF, LIF, RLIF, LRIF or TFSA policy the Maturity Guarantee Date will be the same date as the Policy Maturity Date.

C) If December 31 is not a Valuation Day the Maturity Guarantee Date will be the Valuation Day prior to December 31.

2.10.3 Death Benefit

A) If We receive notification at Our Administrative Office, acceptable to Us, of the death of the last Annuitant on a Valuation Day that is on or prior to the Policy Maturity Date, and prior to the Cut-off Time, We will determine the Death Benefit as of this day. If the notification is received after the Cut-off Time, or the date of notification is not a Valuation Day, We will use the next Valuation Day. Any PACs, automatic partial or scheduled income redemptions being made will cease. The accrued fees as set out in section 2.7, will be charged at this time.

If on the day the Death Benefit is determined the Market Value is less than the Death Benefit Guarantee Amount (see section 2.10.3 B), We will top-up Your Policy for the difference in accordance with Our then-current administrative rules. You are responsible for any tax reporting and payment that may be required. If the Market Value is higher than the Death Benefit Guarantee Amount, We will not pay a top-up.

The “Death Benefit” means the value of the Units allocated to the policy as of the Valuation Day We determine the Death Benefit and any applicable top-up payment less any investment management operating expense and AMS fees payable up to the date We make payment to the beneficiary or Your estate.

Once We have received satisfactory proof of the last Annuitant’s death and a beneficiary’s right to the proceeds, We will pay the Death Benefit to the beneficiary. If there is no surviving beneficiary, We will pay it to You or Your estate.

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

The Death Benefit will not be payable if the last Annuitant’s death occurs after the Policy Maturity Date.

B) The Death Benefit Guarantee Amount varies according to the age of the Annuitant at the time a Premium is allocated to a policy and the length of time the Premium is allocated to the policy.

The Death Benefit Guarantee Amount is the sum of:

- 100 per cent of the Premiums allocated to the policy for all Premium Years where the Annuitant is age 79 or younger at the start of the Premium Year; and
- The following percentages of the Premiums allocated to the policy for each applicable Premium Year if the Annuitant is age 80 or older at the start of the Premium Year:
  - 75 per cent during the Premium Year the Premium is allocated
  - 80 per cent during the second Premium Year following the year the Premium is allocated
  - 85 per cent during the third Premium Year following the year the Premium is allocated
  - 90 per cent during the fourth Premium Year following the year the Premium is allocated
  - 95 per cent during the fifth Premium Year following the year the Premium is allocated
  - 100 per cent in sixth and subsequent Premium Years following the year the Premium is allocated

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

“Premium Year” is the 12-month period between each Anniversary of the Fund Entry Date. “Anniversary of the Fund Entry Date” refers to the calendar Anniversary of the Fund Entry Date. If the calendar Anniversary of the Fund Entry Date is not a Valuation Day, the Anniversary of the Fund Entry Date will be the next Valuation Day.

2.10.4 Death Benefit Guarantee Reset Option

Sections 2.10.4 and 2.10.5 only apply if You have selected the Death Benefit Guarantee Reset Option on the application. You must pay a fee as set out in section 2.10.5. Once selected, this reset option cannot be terminated.

If, on the Anniversary of the Fund Entry Date, the Market Value is greater than the Death Benefit Guarantee Amount, We will increase the Death Benefit Guarantee Amount to the Market Value ("Annual Reset"). Annual Resets will occur up to and including the last Anniversary of the Fund Entry Date prior to the Annuitant attaining the age of 80. After this date, no further Resets will occur. If the Market Value is less than the Death Benefit Guarantee Amount, the Death Benefit Guarantee Amount will not be changed. If the Anniversary of the Fund Entry Date is not a Valuation Day, the applicable processing will occur on the next Valuation Day.

2.10.5 Death Benefit Guarantee Reset Fee

The amount of the Death Benefit Guarantee Reset Fee varies for each Segregated Fund and from time to time. For more information see the then-current information folder.

The Death Benefit Guarantee Reset Fee is a percentage of the Market Value of the Segregated Fund Units allocated to Your policy. On each Anniversary of the Fund Entry Date, We calculate the reset fee for each Segregated Fund and deduct the reset fee as one amount by redeeming Units. You can select which Segregated Fund the reset fee is to be charged. If You do not make an election or the Segregated Fund You selected does not have sufficient market value, We will redeem other Units in accordance with Our then-current administrative rules. For a non-registered policy these redemptions may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required. The reset fee will cease after the last Anniversary of the Fund Entry Date prior to the Annuitant turning age 80.

The reset fee will not proportionally reduce the Maturity or Death Benefit Guarantee Amounts.

We have the right to change the Death Benefit Guarantee Reset Fee at any time. If We increase the reset fee by more than the greater of 0.50 per cent per year or 50 per cent of the current reset fee, it will be considered a fundamental change and You will have certain rights (see section *2.8 Fundamental Changes to a Segregated Fund*). If We increase the reset fee, We will tell You in writing 60 days before We make the change.

2.11 100/100 Guarantee Provisions

The provisions of this section apply if You selected the 100/100 Guarantee on the application.

2.11.1 Maturity Guarantee

The Maturity Guarantee is provided on the Maturity Guarantee Date. If there is no Maturity Guarantee Date, there is no Maturity Guarantee.

Where applicable, the Maturity Guarantee is the greater of the:

- Market Value; or
- Maturity Guarantee Amount

The Maturity Guarantee Amount on the Maturity Guarantee Date is the sum of:

A) 100 per cent of the Premiums allocated for at least 15 years; and

B) 75 per cent of the Premiums allocated for less than 15 years

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

On the Maturity Guarantee Date if the Maturity Guarantee Amount exceed the Market Value, We will top-up Your policy for the difference so the Market Value equals the Maturity Guarantee Amount. We apply this amount to your current Segregated Fund allocation proportionally. You are responsible for any income tax reporting and payment that may be required as a result of payment of the guarantee. If the Market Value is equal to or greater than the Maturity Guarantee amount, We will not pay a top-up. The payment of any top-up does not affect Your Maturity or Death Benefit Guarantee Amounts.

2.11.2 Maturity Guarantee Date

For purpose of calculating the Maturity Guarantee Amount and any applicable resets under this policy, the Maturity Guarantee Date will be the most recent Maturity Guarantee Date as recorded at Our Administrative Office.

A) Initial Maturity Guarantee Date

- The date is at least 15 years after the Fund Entry Date; and
- It does not exceed the Policy Maturity Date

"Fund Entry Date" refers to the Valuation Day when the first Premium is allocated to the policy. "Anniversary of the Fund Entry Date" refers to the calendar Anniversary of the Fund Entry Date. If the calendar Anniversary of the Fund Entry Date is not a Valuation Day, the Anniversary of the Fund Entry Date will be the next Valuation Day.

If an initial Maturity Guarantee Date is not selected, the default initial Maturity Guarantee Date will be 15 years from the Fund Entry Date provided it does not exceed the Policy Maturity Date. If the initial Maturity Guarantee Date is not a Valuation Day, the date will be adjusted to the next Valuation Day following the initial Maturity Guarantee Date.

If the policy is an RRSP, Spousal RRSP, LIRA, LRRSP or RLSP and the initial Maturity Guarantee Date is beyond the Maximum Age the initial Maturity Guarantee Date is subject to the policy commencing payment as a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age.

If the Policy Maturity Date is less than 15 years after the Fund Entry Date, there will be no Maturity Guarantee.

You can change the initial Maturity Guarantee Date provided it has been at least 12 months from the most recent setting of the initial Maturity Guarantee Date, by providing Us with written notification to the Administrative Office, in a form acceptable to Us.

Any revised initial Maturity Guarantee Date:

- Must be at least 15 years from the next Anniversary of the Fund Entry Date
- Can exceed the Maximum Age for a maturing RRSP, if the policy is an RRSP, Spousal RRSP, LIRA, LRRSP or RLSP, subject to the policy commencing payment as a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age; and
- Cannot exceed the Policy Maturity Date

B) Subsequent Maturity Guarantee Date

A subsequent Maturity Guarantee Date is a Maturity Guarantee Date that occurs after the initial Maturity Guarantee Date.

You can, by providing Us with written notification to the Administrative Office, in a form acceptable to Us, prior to or on a Maturity Guarantee Date, select or change a subsequent Maturity Guarantee Date provided:

- The date is at least 15 years from the next Anniversary of the Fund Entry Date that is on or after a Maturity Guarantee Date
- It does not exceed the Policy Maturity Date
- It complies with Applicable Legislation; and
- It has been at least 12 months since You selected it, or requested to change it

If the subsequent Maturity Guarantee Date is not a Valuation Day, the date will be adjusted to the next Valuation Day following the subsequent Maturity Guarantee Date.

If the policy is an RRSP, Spousal RRSP, LIRA, LRRSP or RLSP and a subsequent Maturity Guarantee Date is selected that is beyond the Maximum Age, the subsequent Maturity Guarantee Date is subject to the policy commencing payment as a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age.

If the policy reaches a Maturity Guarantee Date and it is a RRIF, Spousal RRIF, PRIF, LIF, RLIF or LRIF You cannot select a subsequent Maturity Guarantee Date and We will not establish one.

If written notification is not received prior to or on a Maturity Guarantee Date, a subsequent Maturity Guarantee Date will be established as follows:

I) Where the policy is an RRSP or Spousal RRSP; and

- Where the Maturity Guarantee Date and the Anniversary of the Fund Entry Date are the same date the subsequent Maturity Guarantee Date will be 15 years from the Maturity Guarantee Date; or

- Where the Maturity Guarantee Date is not the same date as the Anniversary of the Fund Entry Date, the subsequent Maturity Guarantee Date will be 15 years from the next Anniversary of the Fund Entry Date that is after the Maturity Guarantee Date.

If the subsequent Maturity Guarantee Date is beyond the Maximum Age for a maturing RRSP, the subsequent Maturity Guarantee Date is subject to the policy commencing payment as a RRIF or Spousal RRIF (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age.

II) Where the policy is a LRRSP, LIRA or RLSP and administered in accordance with applicable pension legislation:

That does not require You to receive payments from a life annuity at a specified age and

- Where the Maturity Guarantee Date and the Anniversary of the Fund Entry Date are the same date, the subsequent Maturity Guarantee Date will be 15 years from the Maturity Guarantee Date; or
- Where the Maturity Guarantee Date is not the same date as the Anniversary of the Fund Entry Date, the subsequent Maturity Guarantee Date will be 15 years from the next Anniversary of the Fund Entry Date that is after the Maturity Guarantee Date; or

That requires You to receive payments from a life annuity at a specified age and

- Where the Maturity Guarantee Date and the Anniversary of the Fund Entry Date are the same date and there are at least 15 years to the date when payments are required to commence from a life annuity, the subsequent Maturity Guarantee Date will be 15 years from the Maturity Guarantee Date; or
- Where the Maturity Guarantee Date is not the same date as the Anniversary of the Fund Entry Date and there are at least 15 years to the date when payments are required to commence from the life annuity, the subsequent Maturity Guarantee Date will be 15 years from the next Anniversary of the Fund Entry Date that is after the Maturity Guarantee Date

If there are fewer than 15 years to the date when payments are required to commence from the life annuity, a subsequent Maturity Guarantee Date will not be established and there will be no Maturity Guarantee.

If the subsequent Maturity Guarantee Date is beyond the Maximum Age for a maturing RSP, the subsequent Maturity Guarantee Date is subject to the policy commencing payment as a PRIF, LIF, RLIF or LRIF policy (as applicable) on or about the fourth last Valuation Day of the year the Annuitant attains the Maximum Age.

III) Where the policy is a non-registered or TFSA policy; and

- Where the Maturity Guarantee Date and the Anniversary of the Fund Entry Date are the same date and there are at least 15 years to the Policy Maturity Date, the subsequent Maturity Guarantee Date will be 15 years from the Maturity Guarantee Date.
- Where the Maturity Guarantee Date is not the same date as the Anniversary of the Fund Entry Date, the subsequent Maturity Guarantee Date will be 15 years from the next Anniversary of the Fund Entry Date that is after the Maturity Guarantee Date

If there are fewer than 15 years to the Policy Maturity Date a subsequent Maturity Guarantee Date will not be established and there will be no Maturity Guarantee.

2.11.3 Maturity Guarantee Reset Option

Sections 2.11.3 and 2.11.4 only apply if You have selected the Maturity Guarantee Reset Option on the application. You must pay a fee as set out in section 2.11.4. Once selected, this reset option cannot be terminated.

Where the initial, revised initial or subsequent Maturity Guarantee Date is exactly 15 years from the Fund Entry Date or Anniversary of the Fund Entry Date, as applicable, on the Maturity Guarantee Date if the Market Value is greater than the Maturity Guarantee Amount and there are 15 years or more to the Policy Maturity Date, We will increase the Maturity Guarantee Amount to equal the Market Value. If the Market Value is less than the Maturity Guarantee Amount or there are less than 15 years to the Policy Maturity Date, the Maturity Guarantee Amount will not change.

Where the initial Maturity Guarantee Date is more than 15 years from the Fund Entry Date or a revised initial or subsequent Maturity Guarantee Date is more than 15 years from the next Anniversary of the Fund Entry Date, on each Anniversary of the Fund Entry Date if the Market Value is greater than the applicable Maturity Guarantee Amount, We will increase the Maturity Guarantee Amount to equal the Market Value ("Annual Reset"). If, on the Anniversary of the Fund Entry Date, the Market Value is less than the Maturity Guarantee Amount, the Maturity Guarantee Amount will not change. Annual Resets only occur up to and including the last Anniversary of the Fund Entry Date that is 15 years prior to the Maturity Guarantee Date.

If the Anniversary of the Fund Entry Date is not a Valuation Day the applicable processing will occur on the next Valuation Day.

2.11.4 Maturity Guarantee Reset Fee

The amount of the Maturity Guarantee Reset Fee varies for each Segregated Fund and from time to time. For more information see the then-current information folder.

The Maturity Guarantee Reset Fee is a percentage of the market value of the Segregated Fund Units allocated to Your policy. On each Anniversary of the Fund Entry Date, We calculate the reset fee for each Segregated Fund and deduct the reset fee as one amount by redeeming Units until the last Anniversary of the Fund Entry Date prior to the Maturity Guarantee Date. Subject to Our then-current administrative rules, You can select to which Segregated Fund the reset fee is to be charged. If You do not make an election or the Segregated Fund You selected does not have sufficient market value, We will redeem other Units in accordance with Our then-current administrative rules. For a non-registered policy these redemptions may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required.

The reset fee will not proportionally reduce the Maturity or Death Benefit Guarantee Amounts.

We have the right to change the Maturity Guarantee Reset Fee at any time. If We increase the reset fee by more than the greater of 0.50 per cent per year or 50 per cent of the current reset fee, it will be considered a fundamental change and You will have certain rights (see section *2.8 Fundamental Changes to a Segregated Fund*). If We increase the reset fee, We will tell You in writing 60 days before We make the change.

2.11.5 Death Benefit

A) If We receive notification at Our Administrative Office, acceptable to Us, of the death of the last Annuitant on a Valuation Day that is on or prior to the Policy Maturity Date and prior to the Cut-off Time, We will determine the Death Benefit as of this day. If the notification is received after the Cut-off Time, or on a day that is not a Valuation Day, We will use the next Valuation Day. Any PACs, automatic partial and scheduled income redemptions being made will cease. The accrued fees as set out in section 2.7, will be charged at this time.

If on the day the Death Benefit is determined the Market Value is less than the applicable Death Benefit Guarantee Amount (see section 2.11.5 B) We will top-up payment for the difference in accordance with Our then-current administrative rules. You are responsible for any tax reporting and payment that may be required. If the Market Value is equal to or higher than the Death Benefit Guarantee Amount, We will not pay a top-up.

The “Death Benefit” means the value of the Units allocated to the policy as of the Valuation Day We determine the Death Benefit and any applicable top-up payment less any investment management operating expense and AMS fees payable up to the date We make payment to the beneficiary or Your estate.

Once We have received satisfactory proof of the last Annuitant’s death and a beneficiary’s right to the proceeds, We will pay the Death Benefit to the beneficiary. If there is no surviving beneficiary, We will pay it to You or Your estate.

The Death Benefit may be adjusted for payments made between the date of death and the date Our Administrative Office received notification of the death of the last Annuitant. Payment of the Death Benefit will discharge Our obligations under this policy. The Death Benefit will not be payable if the last Annuitant’s death occurs after the Policy Maturity Date.

B) The Death Benefit Guarantee Amount varies according to the age of the Annuitant at the time a Premium is allocated to the policy.

The Death Benefit Guarantee Amount is the sum of:

- 100 per cent of the Premiums allocated to the policy for all Premium Years where the Annuitant is age 79 or younger at the start of the Premium Year; and
- The following percentages of the Premiums allocated to the policy for each applicable Premium Year if the Annuitant is age 80 or older at the start of the Premium Year:
  - 75 per cent during the Premium Year the Premium is allocated
  - 80 per cent during the second Premium Year following the year the Premium is allocated
  - 85 per cent during the third Premium Year following the year the Premium is allocated
  - 90 per cent during the fourth Premium Year following the year the Premium is allocated
  - 95 per cent during the fifth Premium Year following the year the Premium is allocated
  - 100 per cent in sixth and subsequent Premium Years following the year the Premium is allocated

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

“Premium Year” is the 12-month period between each Anniversary of the Fund Entry Date. “Fund Entry Date” refers to the Valuation Day when the first Premium is allocated to the policy.

2.11.6 Death Benefit Guarantee Reset Option

Sections 2.11.6 and 2.11.7 only apply if You have selected the Death Benefit Guarantee Reset Option on the application. You must pay a reset fee as set out in section 2.11.7. Once selected this reset option cannot be terminated.

If, on the Anniversary of the Fund Entry Date, the Market Value is greater than the Death Benefit Guarantee Amount, We will increase the Death Benefit Guarantee Amount to the Market Value (“Annual Resets”). Annual Resets will occur up to and including the last Anniversary of the Fund Entry Date prior to the Annuitant attaining the age of 80. After this date no further Annual Resets will occur. If the Market Value is less than the Death Benefit Guarantee Amount, the Death Benefit Guarantee Amount will not be changed.

“Anniversary of the Fund Entry Date” refers to the calendar Anniversary of the Fund Entry Date. If the calendar Anniversary of the Fund Entry Date is not a Valuation Day, the Anniversary of the Fund Entry Date will be the next Valuation Day.

2.11.7 Death Benefit Guarantee Reset Fee

The amount of the Death Benefit Guarantee Reset Fee varies for each Segregated Fund and from time to time. For more information see the then-current information folder.

The Death Benefit Guarantee Reset Fee is a percentage of the market value of the Segregated Fund Units allocated to Your policy. On each Anniversary of the Fund Entry Date, We calculate the reset fee for each Segregated Fund and deduct the fee as one amount by redeeming Units. If the Anniversary of the Fund Entry Date is not a Valuation Day, the Anniversary of the Fund Entry Date will be the next Valuation Day. You can select to which Segregated Fund the reset fee is to be charged. If You do not make an election or the Segregated Fund You selected does not have sufficient market value, We will redeem other Units in accordance with Our then-current administrative rules. For a non-registered policy, these redemptions may result in a taxable capital gain or loss. You are responsible for any income tax reporting and payment that may be required. The reset fee will cease after the last Anniversary of the Fund Entry Date prior to the Annuitant turning age 80.

The reset fee will not proportionally reduce the Death Benefit Guarantee Amount.

We have the right to change the Death Benefit Guarantee Reset Fee at any time. If We increase the fee by more than the greater of 0.50 per cent per year or 50 per cent of the current fee, it will be considered a fundamental change and You will have certain rights (see section *2.8 Fundamental Changes to a Segregated Fund*). If We increase the fee, We will tell You in writing 60 days before We make the change.

3. Termination Provisions

3.1 Cancellation Rights

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

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

1) the amount of the Premium being cancelled; or

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

We will refund any fees or charges associated with the cancelled transaction. This does not apply to redemption requests.

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

3.2 Surrender of this policy

Subject to the rights of any irrevocable beneficiary, applicable locking-in endorsements and legislation, You can surrender this policy prior to the Policy Maturity Date, by providing Us with a written request. Surrenders are also subject to applicable withholding taxes, short-term trading fee (see section 2.4.3), accrued fees as set out in section 2.7 and other applicable fees and charges.

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

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

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

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

3.3 Other Termination

Subject to Applicable Legislation, We can terminate the policy when the value of the policy is less than the specified minimum amounts as set out in Our then-current administrative rules.

Payment of this amount discharges Our obligations under this policy.

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

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

David Harney
President and Chief Executive Officer

Fabrice Morin
President and Chief Operating Officer, Canada

4. Endorsements

4.1 RSP Endorsement

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

4.1.1 Policyowner and Annuitant

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

4.1.2 Spouse

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

4.1.3 Applicable Provisions

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

4.1.4 Registration

We will apply for registration of Your policy as an RRSP under the Tax Act.

4.1.5 Premiums

You, or where applicable, Your Spouse can allocate Premiums to Your policy. We will also accept transfers of monies as Premiums under Your policy from any source permitted by the Tax Act. Premiums must be allocated to the policy on or before December 31 of the year in which You attain the Maximum Age, or any other date or age stipulated by the Tax Act at the time the Premium is received by Us.

4.1.6 Refunds of Premiums

Notwithstanding the provisions of this policy, upon request and in accordance with Canada Life's procedures and requirements, We will refund to either the Policyowner or the Policyowner's Spouse, whichever paid the Premium, an amount as defined in paragraph 146(2)(c.1) of the Tax Act, as amended from time to time, and the corresponding provisions of any applicable provincial tax legislation. Such refund will not exceed the Cash Value of this policy at the time the refund is made.

4.1.7 Maximum Age

On or before December 31 of the year in which You turn age 71, or any other date or age stipulated by the Tax Act at that time, the Market Value of Your policy must be transferred or converted to a RRIF or annuity that conforms with the Tax Act. If You do not provide us with satisfactory written instructions before the fourth last Valuation Day of that year, You will be deemed to have instructed us to commence scheduled income redemptions in accordance with section 5.2 and apply for registration of the policy as a RRIF under the Tax Act.

4.1.8 Annuity

Any annuity selected by You must conform to the requirements of the Tax Act. The Tax Act, among other things, requires the annuity provide equal annual or more frequent payments to You (until Your death or if You choose to Your Spouse after Your death) until there is a payment in full or partial commutation of the annuity. Where the commutation is partial, equal annual or more frequent periodic payments must be made afterwards, except for adjustments permitted by the Tax Act. Payments under a fixed-term annuity must be for a term of years equal to 90 less either Your age (in whole years) or, if Your Spouse is younger than You, Your Spouse's age (in whole years) at the time the annuity is purchased. Payments to Your Spouse in any year after Your death cannot be greater than payments made in a year before Your death. On Your death, if the annuity becomes payable to a person other than You or Your Spouse, the annuity payments must be commuted.

4.1.9 Accounting and Reporting

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

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

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

4.1.10 Prohibition

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

4.1.11 LRRSPs, LIRAs and RLSPs

If "locked-in" monies are transferred to Your policy in accordance with applicable pension legislation, the additional provisions of the LIRA, RLSP or LRRSP endorsement will form part of this policy, as applicable. In the event of any inconsistency between the provisions of this RSP endorsement and the provisions of the LIRA, RLSP or LRRSP endorsement, the provisions of the LIRA, RLSP or LRRSP endorsement will apply to the "locked-in" monies.

4.1.12 Non-Assignment

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

4.2 RIF Endorsement

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

4.2.1 Policyowner and Annuitant

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

4.2.2 Spouse

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

4.2.3 Applicable Provisions

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

4.2.4 Registration

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

4.2.5 Transfers to Your Policy

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

4.2.6 Scheduled Income Redemptions to the Annuitant

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

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

Redemptions will continue until the Cash Value of the policy reaches zero or the policy is terminated pursuant to section 4.

4.2.7 Calculation of the RRIF Minimum Amount

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

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

4.2.8 Transfers from Your Policy

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

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

4.2.9 Death of the Annuitant

Upon receipt of written notification of Your death, and if Your Spouse is entitled to receive the scheduled income redemptions, Your Spouse will become the Policyowner and successor Annuitant of the policy. Where Your Spouse becomes the successor Annuitant of Your policy, Your Spouse will be deemed to be the Annuitant under the policy with the same rights as if Your Spouse had been the original Annuitant.

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

4.2.10 Accounting and Reporting

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

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

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

4.2.11 Prohibition

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

4.2.12 LIFs, RLIFs, PRIFs and LRIFs

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

4.2.13 Non-Assignment

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

4.3 TFSA Endorsement

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

4.3.1 Policyowner, Annuitant and Holder

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

4.3.2 Spouse

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

4.3.3 Applicable Provisions

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

4.3.4 Registration

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

4.3.5 Premiums

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

4.3.6 Distributions to the Annuitant

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

4.3.7 Transfers from Your Policy

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

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

4.3.8 Death of the Annuitant

Upon receipt of written notification of Your death, if You have appointed a successor holder who is Your Spouse at the time of Your death, Your Spouse becomes the successor holder of Your TFSA, will be deemed to be the Annuitant under the policy and will acquire all of Your rights under the Policy. If, at the time of Your death: (i) Your Spouse is not the appointed successor holder, or (ii) Your Spouse is the appointed successor holder but is not Your Spouse at the time of Your death, or (iii) Your Spouse has predeceased You, the Death Benefit of Your policy will be paid in a lump sum to Your designated beneficiary, or, if there is no surviving beneficiary, to Your estate. The lump sum payment made will be net of any appropriate charges, including any income tax required to be withheld.

4.3.9 Accounting and Reporting

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

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

You will be sent a statement at least annually.

4.3.10 Prohibition

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

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