

Segregated Investment Fund Sales Charge Disclosure Form

We know most things in life aren't free and that, of course, extends to financial advice and service. Advisors receive commissions from the financial products they sell to you, such as segregated issued by Canadian life insurance companies. The vast majority of Advisors in Canada are paid this way. How it works depends on the product. It's important to learn the different styles of compensation, so you can make an informed decision about which type you prefer. Segregated funds can have different types of initial commissions; each determining how you will pay for the financial service and advice that you receive.

Front End Load (FEL) commissions are a percentage of the transaction amount. For example if you invest \$1000 into a segregated fund with a front end fee of 1.5%, the total commission is \$15 and the remaining \$985 will be deposited to your segregated fund account.

Deferred Sales Charge (DSC) commissions are paid by the life insurance company, so you do not see a fee deducted from your initial investment amount. For example; if you buy \$1000 of segregated funds using the DSC method, the total initial commission will be 5% or \$50, but the entire \$1000 will be deposited to your segregated fund account. However if you withdraw money from the fund within an initial set period of time, you will pay a redemption fee. Below is an example of a typical "DSC declining redemption charge schedule". **Your advisor will provide you with an information folder that contains the exact DSC redemption schedule applicable to the segregated fund you are purchasing.**

When you withdraw your money:	You pay a fund redemption fee of:	
	Percentage	For every \$1000 you redeem:
Within 1 st year after fund purchase	5.5% of the amount you redeem	\$55
During the 2 nd year after purchase	5.0% of the amount you redeem	\$50
During the 3 rd year after purchase	5.0% of the amount you redeem	\$50
During the 4 th year after purchase	4.0% of the amount you redeem	\$40
During the 5 th year after purchase	4.0% of the amount you redeem	\$40
During the 6 th year after purchase	3.0% of the amount you redeem	\$30
During the 7 th year after purchase	2.0% of the amount you redeem	\$20
After 8 th year	No fee	\$0

Low Sales Charge (LSC) commissions - sometimes referred to as Low Load (LL) - work similar to the DSC option but pay a smaller total initial commission (typically up to 3%) and have smaller declining redemption charges, typically starting at 3%, and shorter redemption schedules, typically lasting 3 years.

When you withdraw your money:	You pay a fund redemption fee of:	
	Percentage	For every \$1000 you redeem:
Within 1 st year after purchase	3.0% of the amount you redeem	\$30
During the 2 nd year after purchase	2.5% of the amount you redeem	\$25
During the 3 rd year after purchase	2.0% of the amount you redeem	\$20
After 3 rd year	No fee	\$0

No load (NL) – No initial fee when you invest and they do not charge a redemption fee for withdrawals. Typically, this type of fund structure is sold within financial institutions where the advisor is paid a salary, or where the client is charged an annual fee for service by the advisor.

Other Considerations:

- For estate purposes, the DSC/LSC redemption schedule is eliminated in the event of the plan holder's death.
- Most segregated fund companies offer 10% free withdrawals where you are not charged a redemption fee for withdrawing up to 10% of your fund value per year.
- Separate and apart from initial sales charges of DSC, LSC and NL; segregated funds charge an annual fee referred to as a Management Expense Ratio (MER) consisting of three components - administration, distribution and insurance costs. The advisor is paid an ongoing fee out of the distribution cost. The MER charged for each fund can be found in the Information Folder and Fund Facts given to you by your advisor when you purchase the fund.

I/WE HAVE READ AND UNDERSTAND THE ABOVE DISCLOSURE AND ACKNOWLEDGE THE FOLLOWING:

1. In making this new investment, are you transferring or redeeming money from an existing DSC investment where you have to pay an exit penalty? YES NO If yes: please state the exit fee and the logic/rationale in making this decision: \$ _____
2. I have chosen the following load structure in making this new investment (please circle one): **FEL** **DSC** **LSC** **NL**

Client Name _____ Client Signature x _____ Date _____