

**LONDON LIFE'S VOLUNTARY RETIREMENT SAVINGS PLAN
POLICY**

Plan administrator: London Life Insurance Company

Autorité des marchés financiers authorization number: LRVER000004

Retraite Québec file number: 39703

Canada Revenue Agency plan registration number: PRPP 0012

London Life Insurance Company ("London Life") has established a voluntary retirement savings plan (the "Plan") and a group variable annuity policy (the "Policy") under which contributions to the Plan are received and invested.

London Life Insurance Company ("London Life") will pay benefits in accordance with the terms of the Policy.

Investments in the variable investment funds described in the Policy are not guaranteed either as to earnings or principal, but rather the value of such investments will fluctuate with the financial experience of the variable investment funds.

Investments in the guaranteed investments described in the Policy are guaranteed both as to principal and interest.



Paul A. Mahon
President and Chief Executive Officer



Jeffrey F. Macoun
President and Chief Operating Officer,
Canada

Introductory provisions

Purpose of voluntary retirement savings plan

The Voluntary Retirement Savings Plan (“VRSP”), is governed by the *Voluntary Retirement Savings Plans Act* (chapter R-17.0.1), (the “Act”), the aim of which is to promote retirement savings.

Registration of the VRSP is also subject to section 147.5 of the *Income Tax Act* (the “ITA”).

The primary objective of the plan is to accept and invest contributions to provide retirement income to plan members, subject to the limits and other requirements of the ITA.

Individuals may become members of a VRSP to the extent that tax rules permit them to contribute to the plan.

Individuals are called members and remain members as of the time they hold an account under the terms of a VRSP.

Two-part plan

The plan comprises two parts:

Part one includes the general provisions.

Part two includes the specific provisions that apply when an employer subscribes to a voluntary retirement savings plan.

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1. Administrator

Plan with same conditions

1.1. General provisions

The administrator shall provide a plan on the same conditions for all employers who participate in the plan and all individuals who become members of the plan.

Plan management

The administrator shall not refuse to enrol an individual in the VRSP, unless:

- the individual's name appears on the list referred to in section 83.05 of the *Criminal Code* or if, in the last seven years, he has been found guilty of an offence under section 380 or section 462.31 of that Code; or
- the individual is not a resident of Quebec.

The administrator shall ensure that the plan it manages complies with the Act.

The administrator shall ensure that the plan it manages complies with the ITA.

The administrator shall manage the plan and its assets as an administrator of the property of another and, as such, must exercise the prudence, diligence and skill that a reasonable person would exercise in similar circumstances. The administrator shall also act with honesty and fairness in the best interest of the members.

1.2. Plan and amendments

Effective date of plan and amendments

1.2.1. Effective date

The VRSP and its amendments become effective on the date they are registered with Retraite Québec and shall not become effective before that date. However, the amendments may become effective at a later date when they:

- are made in order to comply with a legal requirement, in which case they shall take effect on the date specified in the legislation;
 - reflect a change in the name of the administrator, in which case they shall take effect on the date of the name change; or
 - are to the members' advantage, in which case they shall take effect on the date set by the administrator.
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Notice of amendment	<p>1.2.2. Notice of amendment</p> <p>An administrator that proposes to apply for the registration of an amendment to the plan shall inform the members and the employers by written notice.</p>
Fiscal year	<p>2. Fiscal year</p> <p>The fiscal year of the plan ends on December 31 of each year.</p> <p>The first fiscal year of a plan that takes effect before January 1, 2015 ends on December 31, 2015.</p>
Documents	<p>3. Documents</p> <p>The plan administrator shall provide the employer, or an individual who enrolls in a VRSP not provided by his employer, free of charge, with:</p> <ul style="list-style-type: none"> • a copy of the contract between the parties, and • on request, the annual statement and the financial report. <p>The administrator shall give a member who is enrolled in an VRSP not provided by his employer, a written summary of the plan that describes, in particular, the individual's rights and obligations, the investment options, and the costs related to the plan.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Members who are enrolled by their employer should refer to Part 2 of this plan.</p> </div>
Statement of changes to parts of account	<p>The administrator must provide each member, within 45 days following the end of each fiscal year of the plan, a statement showing the changes in his account. The statement must contain the information set out in section 53 of the <i>Regulation respecting voluntary retirement savings plans</i> (the "Regulation").</p>
Member contributions	<p>4. Member contributions</p> <p>A member shall determine his contribution to the VRSP.</p> <p>Under subsection 147.5(11) of the ITA, a contribution made to a VRSP is deemed to be a premium paid by the member to a registered retirement savings plan (RRSP) under which the member is the annuitant.</p> <p>The member may, at any time:</p> <ul style="list-style-type: none"> • set his contribution rate at 0%; or • change his contribution to the plan.

The administrator may close both the locked-in and not locked-in portions of a member's account when such portions have shown a zero balance for at least 12 consecutive months and no transactions related to the accounts have been performed.

Contributions by the member must not exceed the limits permitted by the ITA.

4.1 Limit and tax treatment of member contributions

A member's contributions must not exceed his RRSP deduction limit. A member may make contributions to his VRSP between January 1 of a given year and the first 60 days of the following year or until the end of the year in which the member attains age 71.

Members may deduct their contributions on their income tax and benefit return for the year, but the deduction must not exceed the difference between the RRSP deduction limit and the employer contributions to the VRSP.

4.2 No contributions after age 71

No contributions may be made in respect of a member after the calendar year in which the member attains age 71, except in the case of an allowable transfer.

4.3 Refunds of contributions allowed

Refunds of contributions are allowed:

- if the contribution was made to the plan as a consequence of a reasonable error by a member or an employer, and the refund of contributions is made to the person who made the contribution no later than December 31 of the year following the calendar year in which the contribution was made;
- to prevent revocation of the plan's registration;
- to reduce the amount of tax otherwise payable by the member under Part X.1 of the ITA; or
- to meet the requirements of the ITA.

4.4 Excess contributions

The plan permits the payment of an amount to a member where the amount is paid to reduce the tax otherwise payable by the member under Part X.1 of the ITA.

Members who are enrolled by their employer should refer to Part 2 of this plan.

Account

5. Account

Within the meaning of the ITA, each member may hold only one account linked to his social insurance number, and:

- all contributions made to the plan for the member, as well as the income allocated to the member, shall be credited to that account; and
- the benefits and payments made in respect of the member shall be debited from that account.

In its books, the administrator shall keep an account having two parts for each member: a locked-in portion, and a portion that is not locked in.

It may pool the funds in the members' accounts for the purpose of investing the plan assets.

Amounts contributed or allocated to a member's account shall vest immediately and irrevocably.

Nature of locked-in portion

5.1. Locked-in portion of a member's account

The following shall be credited to the locked-in portion of a member's account:

- employer contributions;
- accrued interest;
- member dividends, remittances or other advantages granted by the administrator in respect of this portion of the member's account; and

The locked-in amounts transferred from the following plans:

- a supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
 - a supplemental pension plan established by an Act of the Parliament of Quebec or from another legislative authority;
 - a life income fund (LIF) registered as a RRIF under which the member is the annuitant;
 - a locked-in retirement account (LIRA) registered as a RRIF under which the member is the annuitant;
 - an annuity contract under which the member is the annuitant;
 - the locked-in portion of another VRSP governed by the Act; and
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- the account or the locked-in portion of the account of an equivalent VRSP, emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

Refund from locked-in portion

5.1.1. Refunds

Upon a request to the administrator, a member is entitled to a lump-sum refund of the funds in the locked-in portion of his account if:

Balance of locked-in part of member's account

1) The balance in the locked-in portion of the member's account is less than 20% of the maximum pensionable earnings ("MPE") established in accordance with the *Act respecting the Québec Pension Plan* (chapter R-9), for the year in which the member is no longer employed by an employer who subscribed to a VRSP.

Retirement savings

2) The member is 65 years of age or over and the total locked-in amounts accumulated in retirement savings is less than or equal to 40% of the MPE established in accordance with the *Act respecting the Québec Pension Plan* (chapter R-9) for the year in which the member is requesting the refund.

The member's "retirement savings" is the total of the amounts accumulated in the following retirement plans:

- VRSPs governed by the Act;
- defined contribution pension plans;
- defined benefit pension plans, or defined contribution and benefit plans with provisions identical to those of a defined contribution plan;
- life income funds (LIFs) registered as RRIFs under which the member is the annuitant;
- locked-in retirement accounts (LIRAs) registered as RRSPs under which the member is the annuitant.

The member's request shall be accompanied by a declaration in compliance with Schedule A of the Regulation.

Disability that reduces life expectancy

3) A physician certifies that the member's physical or mental disability reduces his life expectancy.

Other disability

4) A physician certifies that the member is physically or mentally disabled without giving an opinion on his life expectancy.

In such a case, the member must provide a statement to the administrator certifying that the income he is to receive during the 12 months following the application for a refund will not exceed 40% of the MPE determined, for the year of the refund, pursuant to the *Act respecting the Quebec Pension Plan* (chapter R-9).

Non-residence in Canada

5) The member is deemed, for the purposes of the *Taxation Act* (chapter I-3), not to have resided in Canada for at least two years.

Transfer of locked-in portion

5.1.2. Transfers out of plan

A member for whom no employer has subscribed to a plan may, at any time, transfer the locked-in portion of his account.

The transfer is made in one lump sum on his behalf to one of the following pension plans:

- a supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- a supplemental pension plan established by an Act of the Parliament of Quebec or from another legislative authority;
- a life income fund (LIF) registered as a RRIF under which the member is the annuitant;
- a locked-in retirement account (LIRA) registered as a RRIF under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the locked-in portion of another VRSP governed by the Act; and
- the account or the locked-in portion of the account of an equivalent voluntary retirement savings plan, emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

However, when a member is entitled to a refund of the locked-in portion of his account in accordance with section 5.1.1, the transfer may be made on his behalf to one of the following pension plans:

- a supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Quebec that provides for a deferred annuity;
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- a supplemental pension plan established by an Act emanating from the Parliament of Quebec or another legislative authority;
- a registered retirement income fund (RRIF) under which the member is the annuitant;
- a registered retirement savings plan (RRSP) under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the not locked-in portion of another VRSP governed by the Act;
- the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan 1 (PRPP), if the member is enrolled in it as part of his employment.

Members who are enrolled by their employer should refer to Part 2 of this plan.

Nature of the not locked-in portion
of member's account

5.2. Not locked-in portion of member's account

The following are credited to the portion of the member's account that is not locked-in:

- his contributions;
- accrued interest;
- the dividends, remittances or other advantages granted by the administrator in respect of this part of the member's account;

The not locked-in amounts transferred to the VRSP:

- a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Quebec that provides for a deferred annuity;
- a supplemental pension plan established by an Act emanating from the Parliament of Quebec or from another legislative authority;
- a registered retirement income fund (RRIF) under which the member is the annuitant;
- a registered retirement savings plan (RRSP) under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the not locked-in portion of another VRSP governed by the Act;

- the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan (PRPP), if the member is enrolled in it as part of his employment.

Refund and transfer of not locked-in portion to member's account

5.2.1. Refund and transfer out of plan

The member has the right, at all times, upon making a request to the plan administrator, to a lump-sum payment of all or part of the not locked-in portion of his account, or to a transfer of all or part of this portion.

However, in situations 3, 4 and 5 of section 5.1.1 of the plan, the member has the right, at all times, to a refund or transfer of all or part of the not locked-in portion of his account.

Members who are enrolled by their employer should refer to Part 2 of this plan.

Transfer arrangements

The transfer is carried out in accordance with the third paragraph of section 5.1.2 of the plan.

Refund and transfer time frame

6. Time frame for refunds and transfers out of plan

The plan administrator shall carry out the refund or transfer of amounts from the locked-in and not locked-in portions of the plan within 60 days of the member's request.

Transfers between portions of members' account

7. Transfers between locked-in and not locked-in portions of the account

No amount may be transferred between the locked-in portion and the not locked-in portion of the member's account.

Investment options

8. Investment options

The administrator shall offer a default investment option and three to five other options.

If the member does not make a choice, the default investment option is applied to his account (locked-in and not locked-in portions).

All earnings from the plan are allocated to the members in a reasonable manner at least once a year.

8.1 Default option

The default option is:

A variable capital annuity contract based on a "life cycle" approach, comprising the following segregated funds:

Target date harmonized funds:

The default fund is automatically allocated based on member's age and becomes automatically more conservative as they approach normal retirement age, namely age 65. The allocation is revised and balanced quarterly.

Here is the asset allocation for all funds at the target date, as of December 31, 2017. To obtain the current date allocation of the funds, consult *GRS Access* (www.grsaccess.com)

- **2020 Harmonized Fund (H20)**
Equity: 41.8%
Fixed income: 58.2%
 - **2025 Harmonized Fund (H25)**
Equity: 53.2%
Fixed Income: 46.8%
 - **2030 Harmonized Fund (H30)**
Equity: 62.7%
Fixed Income: 37.3%
 - **2035 Harmonized Fund (H35)**
Equity: 71.2%
Fixed Income: 28.8%
 - **2040 Harmonized Fund (H40)**
Equity: 78.4%
Fixed Income: 21.6%
 - **2045 Harmonized Fund (H45)**
Equity: 84.7%
Fixed Income: 15.3%
 - **2050 Harmonized Fund (H50)**
Equity: 90.3%
Fixed Income: 9.7%
 - **2055 Harmonized Fund (H55)**
Equity: 94.4%
Fixed Income: 5.6%
 - **2060 Harmonized Fund (H60)**
Equity: 98.6%
Fixed Income: 1.4%
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Other options

8.2. Other options

The other options are:

An annuity contract offering segregated funds, funds guaranteed by London Life and the daily interest account:

Harmonized Asset Class Funds

- **Harmonized Canadian Equity Fund (HCEPS)**

Canadian Equity: 100.00%

- **Harmonized Foreign Equity Fund (HFEPS)**

Non-Canadian Equity: 100.00%

- **Harmonized Fixed Income Fund (HFIPS)**

Canadian Fixed Income: 90.00%

Non-Canadian Fixed Income: 10.00%

- **Harmonized Special Equity Fund (HSEPS)**

Canadian Fixed Income: 20.00%

Canadian Equity: 40.00%

Non-Canadian Equity: 10.00%

Canadian Real Estate: 30.00%

Guaranteed investment account:

- One-year compound interest account
- Three-year compound interest account
- Five-year compound interest account
- Daily interest account

London Life has established investment rules relating to the management of the guaranteed investments and variable investment funds available under the Policy. The operation of the Plan and the rights of the members will be subject to the investment rules.

Guaranteed Investments

Contributions may be invested in guaranteed investments of various durations at guaranteed interest rates. Contributions invested in a guaranteed investment will earn interest in the manner and at the rate applicable to that investment as is then being offered by London Life. The interest rate on any such investment is compounded daily and guaranteed until the end of the month in which the selected interest guaranteed period expires.

At the end of the interest guarantee period of any guaranteed investment, the member may select any new interest guarantee period London Life is then offering. Alternatively, the member may select any other investment option London Life is then offering. If no selection has been made, the contributions and interest will be reinvested for the same term or, if not offered at that time, the next shortest term London Life makes available, at the guaranteed interest rate in effect at the time of reinvestment.

If contributions are withdrawn from a guaranteed investment, the value withdrawn will be calculated as outlined below.

- On termination of employment or termination of membership (excluding retirement and death), the member's guaranteed investment account value will be calculated at the lesser of book and market value.
- On retirement, the member's guaranteed investment account value will be calculated at book value.
- On death, the member's guaranteed investment account value will be calculated at book value.
- For transfers between investment options, the guaranteed investment account value will be calculated at market value.
- On termination of the participation agreement, the member's guaranteed investment account value will be calculated at lesser of book value and market value.
- For any other event, member's guaranteed investment account value will be calculated at lesser of book value and market value.

Book value

If a withdrawal is made before the end of the guarantee period of the investment or in other words, before its maturity date, the value received will be calculated by applying the guaranteed interest rate to the initial investment from the time the investment was made until the date of the withdrawal.

Market value

If a withdrawal is made before the end of the guarantee period of the investment, or in other words, before its maturity date, the value received will be based on two calculations. First, London Life will determine the amount the guaranteed investment would have been worth if held to the original maturity date. That amount will then be discounted from the maturity date to the date of withdrawal using the then current interest rate for the same guaranteed term at the time of the withdrawal. The amount received could be higher or lower than the book value, and depends on whether the interest rates at the time of withdrawal are higher or lower than the interest rate at the time of your original investment.

The lesser of book or market value

The lesser of book value and market value of a guaranteed investment before the end of the interest guarantee period is determined by calculating the book value of the investment and the market value of the investment and using the lower amount.

Variable investment funds

Contributions may be invested in variable investment funds. These funds are segregated funds offered and administered by London Life Insurance Company. Contributions invested in a variable investment fund offered by London Life are not guaranteed either as to earnings or as to principal. The value of an investment in a variable investment fund will fluctuate with the financial experience of the fund. The assets of a variable investment fund belong to London Life but they are available only for the benefit of unit holders of the fund. If contributions are invested in a variable investment fund, London Life will allocate notional units to the members account equal to the value of the contribution on the valuation date it is received at London Life's administration office, if received before 3:00 pm ET. While some contributions received after that time may be processed on the same business day, London Life may process contributions on the next business day if received later than 3:00 p.m. ET. London Life determines the value of the units of a variable investment fund on each valuation date of that fund and investments into and withdrawals from a fund can only be made on a valuation date. Most funds offered by London Life are valued on a daily basis; however, London Life reserves the right to offer funds which are valued less frequently than daily, but never less frequently than monthly. The unit value of a fund on a valuation date is determined by dividing the value of the assets of the fund, less applicable fees and expenses, by the number of units in the fund immediately before the valuation date.

An investment management fee is charged and includes a fee for managing the variable investment funds and a fee for providing other services under the Policy. Fund operating expenses are also charged against the fund. These fees and expenses will be deducted from the value of the assets of the fund as part of the unit value calculation.

When London Life receives a transfer request, London Life will commence the transfer between investment options. Requests for transfers between investment options must be received in London Life's administration office no later than 3:00 p.m. ET on a business day. While some transactions received after that time may be processed on the same business day, London Life may process transfers between investment options on the next business day if received later than 3:00 p.m. ET.

There are no monetary limits on transfers between investment options; however, there may be restrictions with regard to the dollar amount which may be transferred or the number of requests which may be made as imposed by an investment fund manager.

Funds maturing in a guaranteed investment and reinvesting into a variable investment fund will be reinvested on the first valuation date coincident with or next following the maturity date.

Partial transfers of funds are withdrawn from the compound interest accounts on a first in, first out (FIFO) basis.

Investments in the variable investment funds described in the Policy are not guaranteed either as to earnings or principal, but rather the value of such investments will fluctuate with the financial experience of the variable investment funds.

Investments in the guaranteed investments described in the Policy are guaranteed both as to principal and interest.

Information

For each investment option offered under the plan that is not governed by the guidelines adopted in accordance with the *Act respecting insurance*, or for an investment fund that is not a reporting issuer in accordance with Quebec securities legislation, the administrator shall send each individual the information specified in section 14 of the Regulation. The administrator shall send this information on paper or in electronic format, whichever the individual prefers, or provide him, in real time, with the information or instructions required to consult the information on a website, before signing the contract.

Members who are enrolled by their employer should refer to Part 2 of this plan.

In cases where a plan is offered in accordance with the third paragraph in section 42 of the Act, the administrator shall, no more than 10 days after the plan's registration, make the following information available on its website, and send the following information in writing upon the member's request:

- the information specified in section 14 of the Regulation; or
- any equivalent information that the administrator must disclose under the legislation applicable to him.

Investment advice

Only the following individuals may advise the VRSP members with regard to their choice of investment option:

- a group insurance representative within the meaning of section 3 of the *Act respecting the distribution of financial products and services* (chapter D-9.2); or
- a dealer registered in accordance with Title V of the *Securities Act* (chapter V-1.1) or a person exempt from the registration requirement under that Act.

Changing investment choices

A member may change his investment choices at any time by making a request to that effect.

Ceasing to offer an investment option

When the administrator ceases to offer an investment option, the member's investment choices may be changed after the administrator has notified the affected members, in writing, as soon as possible.

The member has 60 days, following receipt of the notice, to choose another option. If the member fails to do so within the time allotted, the administrator shall place the member's funds in an option similar to the initial option, or in the default investment option.

The transfer of the member's funds to a new investment option shall not be subject to any fees, deductions or other expenses.

9. Fees

Investment option fees

9.1. Fees that may be deducted from the return on assets

The total management and administration fees for each investment option, including the fees accompanying the annual statement, the fees paid to representatives who act on behalf of the administrator and the applicable taxes under Part IX of the *Excise Tax Act* and Title I of the *Act respecting the Québec Sales Tax*, expressed as a percentage of the average assets, is:

- 1.25% for the default option;
- 1.45% for the other options. These fees do not apply to the following investment options:
 - One-year, three-year and five-year compound interest guaranteed investment accounts
 - Daily interest account

No management or administration fees apply to these accounts.

Other fees

9.2. Other fees

The administrator may charge the member the following fees:

- \$50 to transfer funds into another retirement plan;
- \$50 to process a refund;
- \$100 to transfer benefits between spouses and \$150 to produce the statement of benefits. These fees shall be shared equally between the member and his spouse, unless they have agreed otherwise;
- \$50 to search for member contact information;
- \$50 for not sufficient funds (NSF) cheque from a member;
- \$50 for a cancelled cheque or deposit on the request of a member;
- \$25 to send a copy of a document on the request of a member.

All fees and charges payable to London Life are net of any applicable taxes and any such taxes will be payable or recoverable in the same manner as the fees and charges to which they relate.

London Life may change fees and charges at any time upon 60 days notice to participating entities, provided such changes comply with the applicable legislation.

Variable payments

10. Variable payments

The plan does not permit variable payments to members.

10.1 Payment of benefits and withdrawals

When a benefit becomes payable under the terms of the Plan, London Life will provide such benefits by withdrawing values from the account to which contributions have been allocated for the member in accordance with London Life's administrative rules and investment rules.

After receipt of any information required by London Life in accordance with its standard procedure, London Life will issue an annuity policy containing its standard terms. If the annuity is less than \$50 per month, London Life may:

- make annuity payments less frequently than monthly but not less frequently than annually on what it considers to be an equitable basis; or
- commute the annuity and make a payment in one sum on what it considers to be an equitable basis if permitted by the applicable legislation.

London Life reserves the right to change the minimum annuity amount.

As an alternative to an immediate or deferred life annuity, London Life may provide any other form of settlement option permitted under the terms of the Plan and offered by London Life at the time.

Prior to payment of a benefit under the Plan, London Life will provide to the member or plan beneficiary a disclosure statement as required under the applicable legislation. London Life must receive all requirements to process the benefit payment. The payment will be processed in accordance with London Life's administrative rules and the investment rules.

Payments of benefits from guaranteed investments that are cashed out before the maturity date will be calculated according to section **8.2**.

Payment of benefits from the variable investment funds will be based on the value of the funds on the next valuation date.

Withdrawals will be made from the investment options in accordance with London Life's then current administrative practices, unless directed otherwise.

Where permitted, member withdrawals will be completed in accordance with the terms of the Plan, London Life's administrative rules and investment rules. London Life must receive all requirements prior to processing the transaction.

For Quebec only

If the Policy is governed by the laws of the province of Quebec and where a member does not elect a settlement option by December 31 of the calendar year in which the member attains age 71 or at such other time or date as required under the applicable tax legislation, the member will receive a life income fund. Payments under the life income fund will commence in accordance with the terms of the life income fund contract. The life income fund contract will mature on the date the member attains 100 years of age but not later than the 28th day of that month (the LIF Maturity Date). If the member attains age 100 after the 28th of the month, the member will be deemed to have attained age 100 on the 28th of the month. An annuity will commence on the LIF Maturity Date; however, the member may elect to commence annuity payments prior to the LIF Maturity Date on the then current terms and conditions; when annuity payments commence, they will be equal monthly amounts and will be payable to the member for life and cease on the member's death. The amount of the annuity payments will be determined by multiplying the value of the funds held in the life income fund for the payment of the member's annuity (less any applicable fees and charges) one month before the date annuity payments are to commence) by the greater of:

- i) London Life's then current annuity rate for a single life non-participating annuity with no guarantee period; and
 - ii) for each \$1,000 in the life income fund:
 - if the member is male and the member elects to commence annuity payments
 - in the month next following the month the member attains the age of 80 years, \$5.89;
 - in the month next following the month the member attains the age of 90 years, \$8.55; or
 - if an election is not made the rate will be \$8.61 in the month next following the LIF Maturity Date when the member attains age 100.
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if the member is female and the member elects to commence annuity payments

- in the month next following the month the member attains the age of 80 years, \$5.37;
- in the month next following the month the member attains the age of 90 years, \$8.36; or
- if an election is not made the rate will be \$8.61 in the month next following the LIF Maturity Date when the member attains age 100.

Spouse on death of member

11. Death of member

For the purposes of the death benefit, the spouse is the person who, on the day before the death of the member:

- is married to or in a civil union with the member,
- has been living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than three years, or
- has been living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than one year if:
 - at least one child is born, or is to be born, of their union,
 - they have adopted, jointly, at least one child while living together in a conjugal relationship, or
 - one of them has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

The birth or adoption of a child prior to the period of conjugal relationship existing on the day before the death occurs may qualify the person as a spouse. The spouse is then the person who has been living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than one year.

Statement in the event of death

The administrator shall provide the spouse of a deceased member or his successors with a statement within 30 days following the date the administrator receives notice of the member's death.

Death benefit	<p>On the death of a member, his spouse or, if the member has no spouse, his successors, are entitled to a benefit the amount of which is equal to the balance in the member's account (locked-in and not locked-in portions), including interest accrued until the date of payment of the benefit. This benefit, paid as a lump sum, is subject to the ITA. However, the member's spouse may choose to transfer all or part of the amount to a pension plan provided in the third paragraph of section 5.1.2 of the plan, in which case the tax shall be deferred.</p> <p>Any amount payable on a member's account after his death shall be paid as soon as possible after the death.</p> <p>A person who is legally separated from bed and board with the member on the day preceding the member's death is not entitled to any benefits unless the person is the member's successor.</p>
Waiver	<p>The member's spouse may waive the death benefit, before it is received, by notifying the plan administrator of this fact in writing.</p> <p>The spouse may revoke such a waiver by notifying the plan administrator in writing before the member's death.</p>
Designating the beneficiary	<p>The member may designate his beneficiary using the beneficiary designation in the event of the death of the member. He can also designate his beneficiary upon written notice to the plan administrator.</p> <p>If the member has a spouse, the spouse takes precedence over the beneficiary for receiving the death benefit, regardless of the designation, unless the spouse has waived it.</p>
Statement in the event of breakdown between spouses	<p>12. Transfer of benefits between spouses</p> <p>The member and his spouse are entitled, upon application in writing to the plan administrator, to obtain a statement of the benefits accumulated by the member under the VRSP:</p> <ul style="list-style-type: none"> • upon the introduction of an application for <ul style="list-style-type: none"> ○ separation from bed and board ○ divorce ○ annulment of marriage ○ dissolution of a civil union ○ annulment of a civil union, or ○ the payment of a compensatory allowance • on the occasion of family mediation; • on the occasion of a joint procedure before a notary for the dissolution of their civil union; or

- when the conjugal relationship between the member and his spouse ceases.

Transfer of benefits between spouses who are married or in a civil union

Upon application in writing to the plan administrator, the benefits accumulated by the member under the VRSP are partitioned with the spouse in the following situations:

- divorce;
- annulment of marriage;
- separation from bed and board;
- annulment of a civil union;
- dissolution of the civil union by judgment or joint declaration before a notary.

This partition is carried out to the extent determined in the *Civil Code* or by a court judgment or a notarized joint declaration of dissolution of the civil union.

Payment of a compensatory allowance

Upon application in writing to the plan administrator, the benefits the member has accumulated under the VRSP are transferred to his spouse where the court or the notarized declaration awards them to the spouse in payment of a compensatory allowance, to the extent provided by the court judgment or by the notarized declaration.

Transfer of benefits between spouses living in a conjugal relationship

If the conjugal relationship between a member of the plan and a spouse ceases, they may, in the ensuing year, agree in writing to a partition of the benefits accumulated by the member under the plan.

This partition is carried out to the extent provided by the agreement signed by both spouses, but no such agreement may confer on the spouse more than 50% of the value of the member's benefits.

Partition

In case of the partition of the member's benefits or the payment of a compensatory allowance, the administrator shall take one of the measures prescribed by the Regulation with respect to the sum granted to the spouse and the interest.

The sums paid to the spouse must be deducted from each of the member's locked-in and not locked-in accounts by the proportion the sum represents of the value of the accounts on the date of partition.

Benefits exempt from assignment and seizure

13. Benefits exempt from assignment and seizure

Unless otherwise provided by the Act, the following amounts, contributions and benefits are exempt from assignment and seizure:

- contributions remitted or to be remitted to the plan, with accrued interest;
- amounts refunded or benefits paid under the Act;
- amounts awarded to the member's spouse following a transfer of benefits effected under section 11 of the plan, with accrued interest, and the benefits deriving from such amounts; and
- any of the above amounts, when locked in, transferred out of the plan, the interest, and any refunds of such amounts.

In addition, the benefits of a person under the plan may not be assigned, charged, anticipated, given as security or abandoned, except in the case of:

- an assignment carried out as the result of an order or judgment of a competent tribunal, or a written agreement to partition property between the member and his spouse, as previously defined, in settlement of rights arising out of their marriage or civil union or its failure; or
- an assignment by the legal representative of a deceased individual on the settlement of his estate.

Contract

14. Contract

The contract between the administrator and the employer or the member who enrolled in a VRSP not offered by his employer, as the case may be, must comply with the plan and contain the information set out in section 6 of the Regulation.

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Voluntary Retirement Savings Plan

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Subscription and enrolment

15. Subscription and enrolment

The administrator shall not refuse an employer's application to subscribe to the VRSP, unless:

- if the employer is on the list referred to in section 83.05 of the *Criminal Code* or if, in the past seven years, it has been found guilty of an offence under section 380 or 462.31 of that Code.

An employer, within the meaning of subparagraph 7 of the first paragraph of section 1 of the *Act respecting labour standards* (chapter N-1.1), having an establishment in Quebec may offer a VRSP to its employees.

However, any employer who must subscribe to a VRSP under section 45 of the Act must automatically enrol in the plan all eligible employees as well as all employees who so request, except if they:

- have the opportunity to make contributions, through payroll deductions, to a designated registered retirement savings plan (RRSP) or a designated tax-free savings account (TFSA), within the employer's enterprise.
- belong to a category of employees who benefit from a registered pension plan (RPP) within the meaning of the *Income Tax Act* (R.S.C. 1985, C. 1 (5th Suppl.)) to which the employer is party.

The employer has 30 days to enrol eligible employees in the plan, as well as any other employees who so request.

The employer shall provide the administrator with the following personal information concerning each eligible employee and each employee who applies to join the plan:

- his name, address and telephone number;
- his date of birth;
- his social insurance number; and
- his language of preference.

Eligible employee

“Eligible employee” means an employee who:

- is 18 years of age or over;
- is an employee within the meaning of subparagraph 10 of the first paragraph of section 1 of the *Act respecting labour standards* (chapter N-1.1) who works in Quebec or is described in paragraph 1 or 2 of section 2 of that Act; and

- is credited with one year of uninterrupted service within the meaning of subparagraph 12 of the first paragraph of Section 1 of the *Act respecting labour standards*.

Deemed contract

16. Deemed contract

An employer and an administrator are deemed to have entered into a contract if the employer has entered into an agreement with a professional order, an association or another group that allows the its employees to become members of the VRSP subscribed to by the professional order, the association or the other group. The administrator and the employer are in that case subject to the same rights and obligations under the Act as they would be if the employer had subscribed to the plan.

Notice

17. Notice

Within 30 days after the contract is signed by an employer or after an employee has enrolled in the plan, the administrator shall send each employee:

- a written notice confirming his membership in the plan;
- a written summary of the plan that describes, in particular, the rights and obligations of the member and the employer, the investment options available under the contract and the costs related to the plan; and
- a form for the designation of beneficiaries in case of the death of the member.

The administrator shall inform the employer without delay of the date the written notices confirming the employees' participation have been sent to the employees.

Employee opt-out

18. Opt-out

An employee may opt out of the plan by notifying the employer in writing no more than 60 days after the administrator has sent the written notice confirming his membership in the plan.

When an eligible employee opts out of the plan, the employer must:

- keep the opt-out notice for the full duration of the employment; and
- notify the administrator of the plan in writing within 30 days.

The employer must re-offer the plan to any eligible employee who has opted out of the plan, and offer any eligible employee who has set his rate of contribution at 0% the possibility of resuming contributions to the plan. The employer must do so in the month of

Frequency of offers	December every two years following the date the employee opted out of the plan or set his rate of contribution at 0%.
Personal information	The personal information provided by the employer must be destroyed by the administrator no more than 60 days after the employee opt-out notice sent by the employer has been received.
Change of plan	<p>19. Change of VRSP</p> <p>The employer may change VRSPs. The member may choose to leave his amounts accrued in the plan or transfer them to the new plan.</p> <p>After the plan has been changed, the member's contributions shall be paid into the new plan.</p> <p>The employer must pay the costs related to the transfer of the employee accounts. However, the administrator is not required to carry out the transfer if the employer has not paid the costs.</p> <p>The transfer costs that the administrator shall charge the employer are as follows:</p> <p>\$500 plus \$50 to transfer each account.</p> <p>The administrator must transfer the members' accounts upon expiry of a 60-day period after the date the new administrator has sent the notice informing each eligible employee that his accounts have been transferred to the new plan, and that he must inform the new administrator of the investment option he has chosen.</p>
Documents and information	<p>20. Documents and information</p> <p>The employer must provide the plan administrator with all documents and information the plan administrator requires to comply with the Act.</p> <p>Upon the member's request, the employer must make available, free of charge:</p> <ul style="list-style-type: none">• a copy of the contract between the parties; and• the annual statement and the financial report.

Information about investment options

21. Information about investment options

For each investment option offered under the plan that is not governed by the guidelines adopted in accordance with the *Act respecting insurance* or for an investment fund that is not a reporting issuer in accordance with Quebec securities legislation, the administrator shall send each employee registered for the plan the information specified in section 14 of the Regulation. The administrator shall send the information to the employee in paper or in electronic format, whichever the employee chooses, or shall provide him, in real time, with the information or instructions required to consult the information on a Web site, no more than 30 days after an employer signs a contract or after an employee is registered for the plan.

Termination of employment

22. Termination of employment

Within 30 days after the date of termination of employment, the employer must notify the administrator that the employment of an employee who is a member of the plan has been terminated.

The administrator must provide a statement to the concerned member within 30 days after receipt of the notice of termination of employment.

Employer's contribution

23. Employer's contribution

The employer is not required to contribute to the plan on behalf of its employees but may do so where employees are members of the plan.

An employer who contributes to a member's plan may change the contribution it has agreed to pay, subject to any clause to the contrary in an agreement, within the meaning of subparagraph 4 of the first paragraph of section 1 of the *Act Respecting Labour Standards* (chapter N-1.1). The employer must in that case send a written notice to the plan administrator and the member concerned. If it means the employer contribution is reduced, the change cannot take effect until the 30th day following the date on which the notice of change is sent to the employees concerned.

The employer's contribution limit for the member is based on the RRSP contribution limit (as defined by section 146(1) of the ITA) except if the payment is made on the direction of the member.

The employer's contribution is a contribution made during the taxation year commencing January 1 and ending December 31.

Member's contribution

24. Member's contribution

A member shall determine his contribution within 60 days of the date on which the administrator has sent the written notice confirming his membership in the plan. If the member has not determined his contribution, the contribution rate is set at:

- 2% of gross salary, from July 1, 2014 to December 31, 2017;
- 3% of gross salary, from January 1, 2018 to December 31, 2018; and
- 4% of gross salary, as of January 1, 2019.

The member may set his contribution rate at 0% if he has been contributing to a plan offered by his employer for more than 12 months since his enrolment, or before that time period if:

- tax rules no longer allow him to make contributions to the plan; or
- if he pays into the plan an additional contribution equal to or greater than the contribution determined for that period; or
- if his employer contributes to the plan on his behalf.

The member's contributions shall not exceed the limits permitted by the ITA.

Change of contribution

A member who is an employee and is a member of a plan offered by his employer may change his contribution no more than twice within any 12-month period, unless his employer agrees that he may do so more often.

The employer has 30 days in which to give effect to the member's request for the change.

The employer must remit to the administrator the contributions collected and those the employer agreed to pay before receiving the member's request.

Collection of contributions

25. Collection of contributions

On the first pay that follows the 61st day after the notice sent by the administrator to confirm the member's membership in the plan, the employer shall begin collecting his contributions for each pay period from his salary.

Remittance of contributions	<p>26. Remittance of contributions</p> <p>An employer must remit the member contributions to the plan, and the contributions that it makes on behalf of the members, on the last day of the month that follows the day on which the member contributions are collected.</p> <p>If the employer fails to pay the contributions to the plan within this time limit, the employer must pay interest on the contributions due.</p> <p>Contributions bear interest at the rate established by section 28 of the <i>Tax Administration Act</i> (chapter A-6.002) from the last day of the month that follows the month for which they should have been paid to the plan until they are paid to the plan.</p> <p>Until the contributions and interest accrued are remitted to the plan, the employer is deemed to hold those amounts in trust.</p> <p>If the plan is wound up, the contributions the employer is required to remit to the plan must be paid into the plan until the date the assets are transferred to the new plan.</p>
Employer's failure to remit contributions	<p>Within 60 days after the time limit for paying the contributions, the plan administrator must notify the Régie of any contributions not remitted by the employer and the measures taken to ensure remittance.</p>
Contributions due	<p>27. Contributions due paid following a refund or a transfer out of plan</p> <p>If contributions due are made after the balance of the member's plan is reimbursed or transferred out of the plan, the administrator shall deal with them as it did with the portion of the account to which they should have been paid.</p>
Transfer of locked-in portion of member's account	<p>28. Transfer of locked-in portion of member's account out of plan</p> <p>The member is entitled to have the locked-in portion of his account transferred, in whole or in part, in any of the following situations:</p> <ul style="list-style-type: none"> • the member's employment terminates; • the member reaches the age of 55; or • the member's employer has established a registered retirement savings plan (RRSP) or tax-free savings account (TFSA), or a registered pension plan (RPP) within the meaning of the <i>Income Tax Act</i> (R.S.C. 1985, c. 1 (5th Supp.)) to which the employer is a party.

The locked-in portion of the employee's account can be transferred to any of the following retirement plans:

- a supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative authority other than the Parliament of Quebec and granting entitlement to a deferred pension;
- a supplemental pension plan established by an Act of the Parliament of Quebec or from another legislative authority;
- a life income fund (LIF) registered as a RRIF under which the member is the annuitant;
- a locked-in retirement account (LIRA) registered as a RRIF under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the locked-in part of another VRSP governed by the Act; and
- the account or the locked-in portion of the account of an equivalent voluntary retirement savings plan, emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

However, where the member is entitled to a refund of the locked-in portion of his account in accordance with section 5.1.1 of the plan, the transfer shall be made to one of the following retirement plans:

- a supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Quebec that provides for a deferred annuity;
 - a supplemental pension plan established by an Act emanating from the Parliament of Quebec or from another legislative authority;
 - a registered retirement income fund (RRIF) under which the member is the annuitant;
 - a registered retirement savings plan (RRSP) under which the member is the annuitant;
 - an annuity contract under which the member is the annuitant;
 - the not locked-in portion of another VRSP governed by the Act;
-

- the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Quebec, also called a pooled registered pension plan (PRPP), if the member is enrolled in it as part of his employment.

The administrator of the plan shall transfer the full amount in a single lump sum no more than 60 days after the member's request.

Refund and transfer of not locked-in portion

29. Refund and transfer of not locked-in portion

Upon request to the administrator, a member is entitled, at any time, to a lump-sum refund or transfer of the complete portion of his account that is not locked in, or any part thereof.

However, in the event of termination of employment and in situations 3, 4 and 5 of section 5.1.1 of the plan, the member is entitled at any time to the refund or transfer of all or part of the not locked-in portion of his account.

Inducements

30. Inducements

The employer shall not demand, accept or agree to accept any inducement from a plan administrator, or offer or agree to offer a plan administrator any inducement, with a view to entering into a contract with the administrator in respect of a plan for its employees. An administrator shall not give, offer or agree to give or offer an employer an inducement to enter into a contract with the administrator in respect of a plan.

However, an inducement is authorized if it complies with the provisions of the *Act respecting insurance* (chapter A-32), the *Act respecting the distribution of financial products and services* (chapter D-9.2) and the *Securities Act* (chapter V-1.1) in the following cases:

- when a product or service is offered as an incentive for the benefit of the members and the advantage is the same for every member connected with the employer; or
- when a monetary incentive not exceeding the charges incurred by the employer is offered for transferring the assets from one plan to another.

Policy termination

31. Policy termination

The Policy is automatically terminated on termination of the plan. London Life may terminate the policy provided it complies with sections 80 to 94 of the *Voluntary Retirement Savings Plans Act*.

Liability and damages	<p>32. General provisions</p> <p>The employer and the members agree to carry out their responsibilities pursuant to the plan and this Policy, failing which they agree to indemnify London Life for any losses it may incur.</p>
Amendment	<p>London Life may amend the terms and conditions of the Policy. If London Life agrees to amend or waive any provision of the Policy, the amendment or waiver is effective only if it is in writing and signed on behalf of London Life by an authorized officer of the Issuer. London Life may amend the Policy at any time to maintain the registration of the Plan.</p>
Currency	<p>All payments to or by London Life will be in legal Canadian currency.</p>
Delegation to an agent	<p>London Life may delegate to an agent some or all of its duties under the Policy. London Life will continue to be responsible for any duties delegated to an agent.</p>
Limitation of liability	<p>Any payment under the Policy will, to the extent of the payment, constitute a full and final settlement of the rights of the member, the member's spouse or common-law partner, former spouse or former common-law partner, or plan beneficiary, as applicable, against London Life.</p> <p>Except as a result of the negligence, wilful misconduct or lack of good faith of London Life as a result of a breach of the standard of care, London Life will not be liable for:</p> <ul style="list-style-type: none"> (i) any losses or claims related to the variable investment funds held under the Plan, (ii) for the collection of any contributions to be paid to London Life, (iii) for the proper application or payment of any monies arising from the Plan if done or made in accordance with instructions received from the participating entity or the member, or (iv) for anything done or omitted to be done by London Life.
Legal action	<p>Every action or proceeding against an insurer for the recovery of insurance money payable under the contract must commence within the time set out in the <i>Insurance Act</i> or other applicable legislation.</p>
Compliance with CAP Guidelines	<p>To the extent that the Guidelines for Capital Accumulation Plans (the "CAP Guidelines") apply to the Policy, London Life agrees that it will comply with the CAP guidelines.</p>

Applicable legislation

The Policy is subject to the applicable legislation. To the extent of any inconsistency between the Policy and the applicable legislation, the applicable legislation will override the terms of the Policy. If any provision of this agreement or part thereof is declared invalid or unenforceable by a court or competent jurisdiction or if the parties agree that such provision or part thereof is in conflict with any applicable law, the conflicting provision will be deemed severed from this agreement and will not affect the validity or enforceability of the remaining provisions of this agreement. The parties will engage in good faith negotiations to replace any provisions severed as described above with a valid and enforceable provision.

This agreement may be signed in counterparts, and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.
