



## Plan Summary Flex First Plan (“Flex First”)

**Type of Plan:** Individual scholarship plan  
**Investment Fund Manager:** Embark Student Corp.  
**May 8, 2023**

This summary tells you some key things about investing in the Flex First Plan. You should read this Plan Summary and the Detailed Plan Disclosure carefully before you decide to invest.

### If you change your mind

You have up to 60 days after signing your agreement to withdraw from your plan and get back all of your money, including any sales charges or fees.

If you (or we) cancel your plan after 60 days, you’ll get back your contributions, less some or all of the sales charge and fees paid to date. You may be eligible for a return of some of the sales charge you paid. You may be able to get the earnings on your money as an accumulated income payment. Your government grants will be returned to the government. Keep in mind that you pay the sales charge up front. **If you cancel your plan in the first few years, you could end up with much less than you put in.**

### What is an individual scholarship plan?

An individual scholarship plan is designed to help you save for someone’s post-secondary education. When you open your plan, we will apply to the Canada Revenue Agency to register the plan as a Registered Education Savings Plan (RESP). This allows your savings to grow tax-free while they are in the plan. The Government of Canada and some provincial governments offer government grants to help you save even more. To register your plan as an RESP, we need social insurance numbers for yourself and your joint subscriber if there is one, and the person you name as the beneficiary of your plan.

In an individual scholarship plan, you are part of a group of investors. Everyone’s contributions are invested together. The earnings that have accumulated in your plan are paid to your beneficiary as educational assistance payments (EAPs) along with the government grants in your plan. You decide the amount and timing of EAPs.

There are two main exceptions. Your beneficiary will not receive EAPs, and you could lose your earnings, government grants and grant contribution room if:

- your beneficiary does not enrol in a post-secondary school or program that qualifies under this Plan, or
- you leave the Plan.



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## Who is this Plan for?

An individual scholarship plan can be a long-term commitment. It is for investors who are planning to save for someone's post-secondary education and are fairly sure that:

- they want more flexibility over when and how much to contribute to their plan
- their beneficiary will attend a qualifying school and program under the Plan.

See also the Plan Summary for the family individual plan or page 29 of the Detailed Plan Disclosure for more information on another type of Plan that has a fixed contribution schedule.

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## What does the Plan invest in?

The Plan invests mainly in Canadian fixed income securities, such as federal, provincial and/or municipal bonds, mortgage-backed securities, treasury bills, evidence of indebtedness of Canadian financial institutions with a "designated rating", as that term is defined in National Instrument 81-102 (NI 81-102) and corporate bonds with a minimum credit rating of BBB or equivalent, as rated by a "designated rating organization" as that term is defined in National Instrument 25-101.

In addition, no more than 40% of the Plan's net assets may also be invested in exchange-traded equity securities listed on a stock exchange in Canada or the U.S. and "Index Participation Units" as that term is defined in NI 81-102.

The Plan may also:

- i. use "Specified Derivatives" as that term is defined in NI 81-102, but only for the purposes of hedging, as defined by NI 81-102;
- ii. lend portfolio assets, as contemplated by section 2.12 of NI 81-102.

The Plan's investments have some risk. Returns will vary from year to year.

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## How do I make contributions?

You make contributions to your plan at times and in amounts that you choose. You set your own Total Contribution Goal (TCG) for your plan. To reach your TCG you can choose to make contributions once or twice a month, each year or a one-time lump sum. You may change your TCG at any time as long as it meets the minimum contribution goal permitted under the Plan.

**We will not charge you any sales charges on any TCG increases you make after your open your plan.** Whether you choose to increase your TCG with regular or annual automatic contribution increases, your increased contributions will first go towards paying any original sales charges outstanding. When the balance of the outstanding sales charges is fully paid, your increased contributions will accumulate as principal within your plan.

All of the different contribution options for the Flex First Plan are described in the Detailed Plan Disclosure, or you can ask your sales representative for more information. This Plan requires a minimum investment of \$25 per month, \$300 per year or a \$500 lump sum contribution. The total Contribution Goal must be at least \$500.

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## What can I expect to receive from the Plan?

In your beneficiary's first year of post-secondary studies, you are entitled to get back your contributions, less fees. This money can be paid out all at once or over a period of time if you wish. Any loyalty bonus you have accumulated during the time you had your plan will be paid when you request a return of your contributions and your beneficiary enrolls in a post-secondary program that is recognized under the *Income Tax Act* (Canada). You can have this money paid to you or directly to your beneficiary. Your beneficiary will be eligible for EAPs from the income and government grants in your plan when he or she attends eligible studies. Any post-secondary program that qualifies for an EAP under the *Income Tax Act* (Canada) qualifies for an EAP under your plan. Payments can be made either in one year or over a few years if you wish.

EAPs are taxed in the beneficiary's hands.

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## What are the risks?

If you do not meet the terms of the Plan, you could lose some or all of your investment. Your beneficiary may not receive their EAPs.

You should be aware of two things that could result in a loss:

- 1. Your plan is cancelled after the first 60 days.** If your plan is cancelled more than 60 days after signing your contract, you'll lose part of your contributions to the sales charge. You may be eligible for a return of some or all of the sales charge you paid. You could also lose the earnings on your investment if they are not withdrawn as an educational assistance payment or an accumulated income payment. Some or all of your government grants could be returned to the government if you withdraw contributions from your plan before your beneficiary enrolls in eligible studies. Any loyalty bonus that you have accumulated on behalf of your plan will be lost.



**2. Your beneficiary won't be going to a qualifying school or program.** For example, certain educational institutions do not qualify as a 'designated educational institutions' under the *Income Tax Act* (Canada) and students attending these institutions are not eligible to receive EAPs. If your beneficiary will not be going to a school or program that qualifies for EAPs under the *Income Tax Act* (Canada) you have the option of naming another person as beneficiary, withdrawing your income as an accumulated income payment, if you qualify, or cancelling your plan. Restrictions may apply. Some options may result in a loss of earnings, accumulated loyalty bonus and government grants.

**If any of these situations arise with your plan, contact us or speak with your sales representative to better understand your options to reduce your risk of loss.**

**How much does it cost?**

There are costs for joining and participating in the Flex First Plan. The following tables show the fees and expenses of the Plan. The fees and expenses of this Plan are different from the other Plans we offer.

**Fees you pay**

These fees are deducted from the money you put in your plan. They reduce the amount of your contributions that get invested in the Plan, which will reduce the amount available for EAPs.

**Paying off the sales charge**

If, for example, your Total Contribution Goal is \$5,400 on behalf of your newborn child and you choose to make 216 monthly contributions of \$25 then, 100% of your contributions will go towards the sales charge for 21 months.

FEE	WHAT YOU PAY	WHAT THE FEE IS FOR	WHO THE FEE IS PAID TO
<b>Sales Charge</b>	<p>Will not exceed 9.5% of your initial Total Contribution Goal, depending on the age of the beneficiary, as follows:</p> <ul style="list-style-type: none"> <li>• Up to 4 years: 9.5%</li> <li>• 5 years: 5%</li> <li>• 6 years: 4%</li> <li>• 7 years: 3%</li> <li>• 8 years: 2%</li> <li>• 9 years or older: 1.5%</li> </ul> <p>Paid from your contributions until the total fee has been paid.</p> <p>There are no sales charges on any TCG increases you make after you open your plan.</p>	This is for paying commission to your sales representative and to cover the cost of selling your plan	Paid to Embark Student Corp., as principal distributor



## Fees the Plan pays

You don't pay these fees directly. They're paid from the Plan's earnings. These fees affect you because they reduce the Plan's returns, which will reduce the amount available for EAPs.

### Other fees

Transaction fees apply if a charge for non-sufficient funds is incurred or if you transfer your plan to another RESP provider. See page 20 of the Detailed Plan Disclosure for more information.

FEE	WHAT THE PLAN PAYS	WHAT THE FEE IS FOR	WHO THE FEE IS PAID TO
<b>Management Fee (plus GST or HST)</b>	<ul style="list-style-type: none"> <li>Between 1.3% and 1.5% per year, plus applicable taxes.</li> <li>Calculated based on the total amount of money in all Flex First plans.</li> <li>Deducted from total income before income is allocated to your plan.</li> <li>This fee may be modified from time to time, but will not exceed 1.5%.</li> <li>The weighted average for the fiscal year ended December 31, 2022 was 1.3% plus applicable taxes.</li> </ul>	This is to pay for Plan administration, portfolio management and for holding your plan's assets in trust.	Paid to Embark Student Corp., as, or in the capacity of, the investment fund manager of the Plan.
<b>Independent Review Committee (IRC) Fee</b>	<p>For the fiscal year ended December 31, 2022, \$92,700 was paid, shared by all Plans including the Family Single Student Education Savings Plan; \$6,429 in respect of Flex First.</p> <p>This was paid as follows:</p> <ul style="list-style-type: none"> <li>Chairperson - \$20,000 (plus tax)</li> <li>Each Member - \$15,000 (plus tax)</li> <li>Secretariat fee - \$40,000 (plus tax)</li> <li>Meetings - \$2,500 (plus tax).</li> </ul>	This is for the services of the Plan's independent review committee as required for all publicly offered investment funds. The committee reviews any conflict of interest matters that might arise between the Investment Fund Manager and the Plan.	IRC Members and IRC Secretariat

### Are there any guarantees?

We cannot tell you in advance if your beneficiary will qualify to receive any payments from your plan or how much your beneficiary will receive in educational assistance payments. We do not guarantee the amount of any payments or that the payments will cover the full cost of your beneficiary's post-secondary education.

Unlike bank accounts or GICs, investments such as scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### For more information

The Detailed Plan Disclosure that goes with this Plan Summary contains further information about this Plan, and we recommend you read it. You may also contact Embark Student Corp. or your sales representative for more information about this Plan. Unless otherwise specified, terms used in this Plan Summary that are defined in the Detailed Plan Disclosure have the meaning as set out in that document.

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