

Appendix

Disclosures and Supporting Notes (Must Read)

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| <ol style="list-style-type: none"> 1. Amount of contributions less fees, or your net contributions, represents your contributions since the opening of your plan in accordance with the contribution schedule you have selected, less the fees deducted as described in the prospectus and any applicable insurance premiums. This amount is also referred to as your principal. 2. This represents 20% of your eligible contributions from the Basic Canada Education Savings Grant program and may include additional grants. You may receive additional grants on your future contributions (if applicable) depending on your net family income. Certain conditions apply. See the Heritage Plans' most recent prospectus or the FAQ section at HeritageRESP.com for full details. 3. This amount includes government grants which may be available depending upon your net family income, residency and/or beneficiary's year of birth. Certain conditions apply. See the Heritage Plans' most recent prospectus or the FAQ section at HeritageRESP.com for full details. 4. These examples illustrate the long-term effect of compound interest up to the expiry date of your plan under the self-determined option. These amounts include income earned since your plan's inception to the date of this statement and an estimate of future income growth based on assumed rates of 4%, 5% and 6%. Income continues to grow until all funds are withdrawn from your plan. 5. These amounts are provided for illustrative purposes only. The amount that you and/or the beneficiary could receive under the self-determined option will differ, depending on the actual performance of the Heritage Plans and if the beneficiary enrolls in qualifying post-secondary studies. 6. The depository, Scotiabank, receives your contributions, deducts the sales charges and, if applicable, insurance premiums, and remits the balance to the account maintained by the trustee, The Bank of Nova Scotia Trust Company. Knowledge First Financial Inc. directs the trustee regarding the settlement of investment trades, the payment of fees and payments to and from the plan. Contributions you made are not insured by the Canada Deposit Insurance Corporation or by any other insurer. | <ol style="list-style-type: none"> 7. This amount represents an income adjustment that was required as a result of making changes to your plan. If you remain in the scholarship option, such contributed income will be used for calculating and paying EAPs to eligible students. If you select to transfer to the self-determined option, such income will be returned to you or to your beneficiary as part of an AIP or EAP, respectively. 8. This allocation is based on the interest earned by the total asset pool of all beneficiaries in the same beneficiary group as your beneficiary, plus the gains (or losses), in the proportion allocated to your individual plan and may include any income adjustments you contributed to your plan. Please refer to note 7 for additional information. 9. The Government of Saskatchewan announced a temporary suspension of the Saskatchewan Advantage Grant for Education Savings (SAGES) effective January 1, 2018. This means that the SAGES will not be paid on contributions made to an RESP after December 31, 2017. 10. This amount is based on the interest earned on the government grants, plus the gains (or losses), allocated to your individual plan. 11. There is no active market for this security; however, the value of your plan is represented by the contributions (less sales charges and fees), government grants and income earned thereon. See "Important Information" section on the reverse for other factors that may impact the market value of the account such as, but not limited to, cancelling the plan after 60 days. 12. If your beneficiary is not pursuing post-secondary studies, you will be entitled to receive a refund of your principal less any outstanding account maintenance fees. Income earned in your plan will be available to you as an accumulated income payment (AIP) once you have met certain conditions and provided your plan has not reached its expiry date AND you request a transfer of your plan to the self-determined option. Government grants will be returned to the applicable government. |
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Other Notes

If your personal or financial information has changed, or changes in the future, please contact our Contact Centre at 1 800 363-7377.

If any payments sent to you or your beneficiary are not claimed within 3 years (12 years for Manitoba residents), such payment will be forfeited and the Heritage Educational Foundation will either remit such amounts to your Province or as specified in the prospectus, depending on applicable legislation.

To help us protect the planet for future generations, we would like to communicate with you electronically to inform you of important information regarding your Heritage Plan. To indicate that you would like to receive your Important Plan Updates electronically, we invite you to login to your subscriber online account and update your document delivery preferences. Alternatively, you can contact our Contact Centre at 1 800 363-7377 or by email at contact@kff.ca.

Important Information

This section will make you aware of the terms of the plan that, if not met by you or your beneficiary, might result in losses to you or your beneficiary. If any of these situations occur, please contact our Contact Centre at 1 800 363-7377 or your local Sales Representative to discuss your available options.

Your plan's maturity date is in the past. Our records indicate that you did not complete the maturity application process and your plan has been placed under the scholarship option. We strongly recommend that you contact our Contact Centre to discuss all of your available options. Our self-determined option may be a better choice for you due to its flexibility and ability to hold funds in an RESP until its expiry date.

What are the main differences between the scholarship option and the self-determined option?

Under the scholarship option, you are part of a group of investors (beneficiary group). At maturity, you can request your plan's principal to help cover the costs of the 1st year of post-secondary studies. Each beneficiary shares in the earnings of the beneficiary group. Your share of those earnings, plus your government grants can be paid to your beneficiary as long as he or she is enrolled in eligible studies as specified in the *Income Tax Act* (Canada). You are restricted with requesting the payments from your plan over a specified period of time. You may be entitled to receive all or a portion of your sales charges depending on the following: a) the scholarship option applicable to your plan, b) when your plan was opened, and c) your plan's maturity date.

Under the self-determined option, you are no longer part of the group sharing. At maturity, you can request your plan's principal. All income earned in your plan and government grants can be paid to your beneficiary as an educational assistance payment (EAP) provided he or she is enrolled in eligible studies. If your beneficiary is not enrolled, you can request your plan's income as an accumulated income payment (AIP) provided you have met the requirements pursuant to the *Income Tax Act* (Canada). You can request the payments from your plan at any time but not later than your plan's expiry date.

How do I request funds from my plan under the scholarship option?

You can request to receive the principal in your plan to help cover the costs of the beneficiary's post-secondary studies. In order to maintain the eligibility of the government grants, a proof of registration or verification of enrollment must be completed by the school and provided to us to confirm the beneficiary's enrollment in post-secondary studies. Your beneficiary will be eligible for EAPs beginning in the second year of eligible studies. For each year, your beneficiary must show proof that they are enrolled in full-time or part-time eligible studies as specified in the *Income Tax Act* (Canada). To request the funds from your plan, please login to your subscriber online account at Subscriber.HeritageRESP.com and click on "Receive Funds From My Plan(s)".

If my beneficiary is not pursuing post-secondary studies right now, what are my options for withdrawing the funds?

You can request a transfer of your plan to the self-determined option and request to receive the principal in your plan. If the beneficiary does not enroll in a qualifying program by the expiry date of your plan, the beneficiary will not receive any EAPs. In this situation, and if the requirements to receive an AIP have been met, you may make a withdrawal of the income and contribute it into your RRSP, your spouse's RRSP (if your spouse is a joint subscriber) or your spousal RRSP, provided there is contribution room available in any of the above investment options. If you do not have RRSP contribution room available, the income may be withdrawn in cash. In this case, there will be an additional 20% tax (or 12% federal tax and 8% provincial tax if you live in Québec) on the withdrawn funds (other than contributions), on top of your regular tax rate.

For more information on withdrawing the funds from your plan, please visit HeritageRESP.com/Maturity or login to your subscriber online account at Subscriber.HeritageRESP.com for step by step instructions.

If I request a partial payment of income from my plan, what is the deadline for requesting the remaining funds?

If your beneficiary is enrolled in eligible studies and you request a partial payment of income to be paid to your beneficiary as an EAP, the remaining funds must be withdrawn from your plan prior to your plan's expiry date. If your beneficiary is not enrolled in eligible studies and

you request a partial payment of your plan's income as an AIP, the remaining funds must be withdrawn before March 1st of the year following the year in which the first such payment was made. For example, if the first AIP payment was made on February 15, 2020, the remaining funds must be withdrawn prior to March 1, 2021.

Is there a monetary limit to an educational assistance payment (EAP)?

If the beneficiary is registered part-time for at least three consecutive weeks and studying at least 12 hours per month, the maximum amount that may be released for each 13-week period of study is \$2,500. If the beneficiary is registered for full-time studies (for at least three consecutive weeks and studying for at least ten hours per week), the maximum amount of an EAP that may be released to a student as soon as he or she qualifies to receive an EAP is \$5,000. After the student has completed 13 consecutive weeks of full-time study, there is no limit on the amount of EAPs that can be paid if the student continues to qualify to receive them. If there is a 12-month period in which the student was not enrolled in a qualifying educational program for 13 consecutive weeks, the \$5,000 maximum applies again.

What happens if I fail to request the funds in my plan before the deadline to request funds?

Pursuant to the *Income Tax Act* (Canada), an RESP can remain open for a maximum of 35 years. You must request the funds available in your plan, prior to your plan's expiry date. If you fail to request the funds in your plan prior to the expiry date stipulated in the Plan Information section of your statement, the following will occur:

- Your principal will be sent to your address on our records;
- Government grants will be returned to the applicable government; and
- Income earned in your plan will be remitted to a designated educational institution.

What happens if we are joint subscribers and we separated?

Please notify us immediately so we can update our records. You have two options:

- Maintain the plan as is; or
- Remove one subscriber.

Please note that in the case of two subscribers on the plan, one subscriber can only be removed in case of marriage breakdown either upon mutual written agreement or by a court order.

Upon receiving the information, we can ensure that both of you are receiving the plan correspondence either by mail or notification by email. The latter assumes that you have subscribed to online account access. Call our Contact Centre at 1 800 363-7377 for more information on your available options.

Substitution of Beneficiary

Under the scholarship option, you can change the beneficiary of your plan up to your current beneficiary's 21st birthday. Under the self-determined option, you can change the beneficiary of your plan at any time with no age restriction. To do so, please contact our Contact Centre or your sales representative as some other restrictions may apply.

Make sure your contact information is up to date. It is important that you keep your address and contact information up to date. We will need to communicate important information to you throughout the life of your plan. We will also need to find you and the beneficiary when the plan matures so we can return your contributions and make payments to the beneficiary.

If you or your beneficiary do not maintain a valid address where we can send statements and other notices to, it may result in a loss of contributions, earning and government grants in the plan.

Request a Payment From Your Plan

Requesting a payment of available funds from your Heritage Plan is simple and easy!

1. Login to your subscriber online account at Subscriber.HeritageRESP.com and click on "Receive Funds from My Plan(s)" to start the online application process.
2. If you do not already have an online account, click on "Register Now" at Subscriber.HeritageRESP.com to begin the registration process.
3. If you have any questions regarding the online maturity application process, please contact our Contact Centre at 1 800 363-7377 or email us at contact@kff.ca