

## Appendix A - For unregistered plans

### Disclosures and Supporting Notes (Must Read)

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 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 for full details.
4. These examples illustrate the long-term effect of compound interest up to the maturity date. 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 3%, 4% and 5% up to the maturity year only. However, if funds remain in the plan past maturity, income continues to grow until all funds are withdrawn from your plan.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. Sales charges are returned under the scholarship option at a rate of up to 25%, up to 50% or up to 100% depending on the scholarship option chosen at maturity and provided your plan is reactivated prior to the Reactivation Deadline. The example of a sales charge refund is calculated using the 2020 actual refund amount under scholarship option 3, which was \$16.43 per unit. In future years, the amount may be less or more depending on the amount of funds available in the sales charge refund account. Actual results may vary. Sales charges are not returned under the self-determined option.
7. Under a group plan, attrition is the term that applies to a reduction in the number of beneficiaries who qualify for EAPs in a beneficiary group after the maturity date. This amount is provided as an illustration of the impact of attrition, which is based on historical rates of participation for your plan with an assumed attrition rate of 8.03% over the lifetime of your plan and is only available if your plan is reactivated prior to the Reactivation Deadline. Actual results may vary.
8. **These amounts are provided for illustrative purposes only and are available only if the plan is reactivated prior to the Reactivation Deadline.** The amount that you and/or the beneficiary could receive will differ, depending on the amount of attrition available for your beneficiary group, the amount of funds in the sales charge refund account and if the beneficiary enrolls in qualifying post-secondary studies. Actual benefits will vary from year to year.
9. This amount represents compulsory fees as well as an estimate for textbooks and incidental expenses for four years at a Canadian post-secondary institution for students who live at home while pursuing their studies, not having to pay for either food or shelter costs. Average annual increase is based on previous 10-year data. Source: Tuition and Living Accommodation Costs, 2018-2019, Statistics Canada, Sept. 2018.
10. Expenses include compulsory fees, meals and lodging, as well as an estimated cost for textbooks and incidental expenses. Average annual increase is based on previous 10-year data. Source: Tuition and Living Accommodation Costs, 2018-2019, Statistics Canada, Sept. 2018.
11. If your plan remains inactive at the maturity date, it will be transferred to the self-determined option. You and your beneficiary will be entitled to receive funds in your plan. Under the self-determined option, you are entitled to receive a return of your principal and your beneficiary is entitled to receive the income and government grants as EAPs. If your beneficiary doesn't pursue post-secondary studies, you will be entitled to withdraw the income as an accumulated income payment (AIP). Please see the Important Information section on the reverse for further details.
12. 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.
13. This amount represents an income adjustment that was required as a result of making changes to your plan. If you select the scholarship option at maturity (provided your plan is reactivated and your beneficiary's SIN is on file), such contributed income will be transferred to the EAP Account to be used for calculating and paying EAPs to eligible students. If your plan remains inactive and is transferred to the self-determined option at maturity, such income will be returned to you or to your beneficiary as part of an AIP or EAP, respectively.
14. If you stopped making contributions into your plan, the Principal amount in the Closing Balance section is the amount available to you as at December 31, 2020.
15. This amount includes 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 13 for additional information. Your plan continues to earn this income while inactive.
16. 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.
17. This amount is based on the interest earned on the government grants, plus the gains (or losses), allocated to your individual plan. Your plan continues to earn this income while inactive.
18. 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 or transferring the plan to another financial institution.
19. If you cancel your plan prior to the maturity date, you will be entitled to receive a refund of your principal less any outstanding account maintenance fees as of the date of cancellation. Income earned on principal will be applied to the sales charge refund account, government grants will be returned to the applicable government and income earned on the government grants will be remitted to a designated educational institution. See "Important Information" section on the reverse for information regarding reactivating the plan.

### 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 better meet your plan documentation needs, the 2021 Management Report of Fund Performance, Audited Financial Statements and the Interim Financial Statements can be delivered to you **upon your request**. To indicate which documents you would like to receive and how you would like to receive them, you may conveniently make your selection online by logging in to your online account at [knowledgefirstfinancial.ca](https://knowledgefirstfinancial.ca) or by contacting our Contact Centre at 1 800 363-7377. or by email at [contact@kff.ca](mailto:contact@kff.ca). Please note that these documents will always be accessible to you on our website at [knowledgefirstfinancial.ca](https://knowledgefirstfinancial.ca) or at [SEDAR.com](https://www.sedar.com). If you do not wish to receive any of these documents, no further action is required.

## 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.

### What happens if I miss making my contributions on time?

If your plan goes into default due to missed contributions and if such default is not remedied (your plan becomes inactive), we will continue to invest your money and your plan will mature under the self-determined option. You will be entitled to a refund of principal only and your beneficiary will be entitled to receive EAPs, provided EAP eligibility requirements are met. However, you will lose the right of return of the amount of up to 25%, up to 50% or up to 100% of the sales charges paid and any other benefits available to beneficiaries receiving payments under the scholarship option. If your beneficiary will not be pursuing post-secondary studies, you will be entitled to withdraw the income in the plan as an AIP. Please see "What are my options for withdrawing the income?" below for further details. If plan default is remedied, there will be no negative financial consequences.

### What are my options for withdrawing the income?

If the beneficiary does not enroll in a qualifying program by the end of the 35<sup>th</sup> year following the year in which the plan was entered into (or, in the case of a specified plan, by the end of the 40<sup>th</sup> year following the year in which the plan was entered into), 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 or your spouse's RRSP account (if your spouse is a joint subscriber) or your spousal RRSP provided there is contribution room available. 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 and 8% provincial if you live in Québec) on the withdrawn funds (other than contributions), on top of your regular tax rate.

### My Heritage Plan is in default, how can I reactivate my Plan?

Once you provide your beneficiary's Social Insurance Number (SIN), you can reactivate your inactive plan or units reduced at an earlier date:

- Any time if the beneficiary is under 15 years and six months of age at the time of reactivation.
- Within six months of the plan becoming inactive if the beneficiary was at least 15 years of age at the time of the plan becoming inactive but no later than 180 days prior to the maturity date.

### What happens if I don't provide my beneficiary's SIN prior to the Reactivation Deadline?

If you fail to provide your beneficiary's SIN by the Reactivation Deadline, your plan will be cancelled and a refund of your principal together with any income earned will be sent to your address on our records and any income will be taxed in your hands.

### What happens if I transfer my plan to another financial institution?

You can transfer your plan to another financial institution, but you forfeit any income received on the principal (less the fees). The government grants and accrued income will be transferred. Additionally, you will lose the right of return of the amount of up to 25%, up to 50% or up to 100% of the sales charges paid and any other benefits available to beneficiaries receiving payments under the scholarship option. The income forfeited will be used to pay the other subscribers in accordance with the contract.

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

You have 24 months from the date we accepted your application to provide your beneficiary's SIN or to request the funds available in your plan. If you do not provide the SIN or if you request a refund of available funds in your plan before the deadline indicated in the Plan Information section of your statement of account, please note the following:

- Your plan will become cancelled;
- You will only be entitled to a refund of your principal and income earned and the income will be taxed in your hands; and
- You will not be entitled to a refund of the sales charges and fees paid in your plan.

### What happens if we are joint subscribers and we are now separated?

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

- Maintain the plan as is;
- Remove one subscriber; or
- Split the existing plan in two by creating two plans.

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 on-line account access. Call our Contact Centre at 1 800 363-7377 for more information on your available options.

### I purchased the optional insurance coverage when I enrolled in the plan. Is my inactive plan still insured?

Once you stop making contributions, the optional insurance coverage will no longer be applicable.

### Substitution of Beneficiary

You can change the beneficiary of your plan at any time, i.e. before or after your plan's maturity. To do so, please contact our Contact Centre or your sales representative as some restrictions may apply. A fee of \$10 plus tax applies if you change a beneficiary prior to your plan's maturity.

### What happens if my government grants application is incomplete or not on file?

If the government grants application is incomplete or not on file, you may not be entitled to receive the full amount of the government grants as illustrated in the "Hypothetical Illustration of Benefits: Assumptions and Explanatory Notes" section of your statement of account. Some government grants, such as the Canada Education Savings Grant (CESG) and other provincial government grants, have additional provisions (i.e. time limits and age restrictions) that must be met in order to successfully apply for and receive these grants. Please see the "Important information about government grants" section of the Heritage Plans' most recent prospectus for more details.

### What do I do if my Account Details section shows no grants paid into my plan but my applications are all completed?

The government requires 60-90 days to process government grant requests provided that your beneficiary's full name, date of birth, gender and social insurance number match the information on the government's records. There are also other provisions that must be complied with in order to successfully apply for and receive the government grants. Please see the "Important Information about government grants" section of the Heritage Plans' most recent prospectus for more details.

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.