

Appendix

Disclosures and Supporting Notes (Must Read)

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| <ol style="list-style-type: none"> 1. Contributions you made are not insured by the Canada Deposit Insurance Corporation or by any other insurer. If you received a refund of your principal during the reporting period, it will be indicated in brackets "()" in the "Activity in 2020" column. 2. This amount represents an income adjustment that was required as a result of making changes to your plan. This income was transferred to the EAP Account at the maturity of your plan and is used for calculating and paying EAPs to eligible students. 3. 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. Any outstanding account maintenance fees are deducted from your plan's principal prior to sending you your maturity payment. 4. This represents 20% of your eligible contributions from the Basic Canada Education Savings Grant (CESG) program and may include additional grants. Certain conditions apply. See the Heritage Plans' most recent prospectus for full details. If there is an amount indicated in () under the "Activity in 2020" column, this means that the CESG has been i) paid to your beneficiary with the educational assistance payment(s) (EAPs), or ii) returned to the federal government because your beneficiary is not pursuing post-secondary studies. 5. This amount includes government grants we applied for and received on your behalf. If there is an amount indicated in () under the "Activity in 2020" column, this means that the amount has been i) paid to your beneficiary with the EAP(s), or ii) returned to the federal and/or provincial government because your beneficiary is not pursuing post-secondary studies. 6. 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. 7. This amount represents the income on the government grants in your plan. It is based on the interest earned on the government grants, plus the gains (or losses), allocated to your individual plan, less any payments made to i) your beneficiary for post-secondary education purposes, or ii) a designated educational institution because your beneficiary is not pursuing post-secondary studies. | <ol style="list-style-type: none"> 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 2 for additional information. 9. This represents income transferred to the EAP Account of the same beneficiary group as your beneficiary when your plan matured. The income will continue to grow in the EAP Account and will subsequently be paid to your beneficiary as part of his/her EAP(s). 10. There is no active market for this security; however, the value of your plan is represented by the remaining 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 your beneficiary becoming ineligible for EAPs. 11. Sales charges are returned at a rate of up to 25%, up to 50% or up to 100% depending on the scholarship option chosen at maturity. Please refer to the Heritage Plans' most recent prospectus for more information on the scholarship option selection, the sales charge return associated with each scholarship option and what affects the amounts of sales charges returned. For plans opened on or after July 2, 2004, with a maturity date of July 31, 2014 or earlier, any portion of the sales charges returned (if applicable) are paid to the beneficiary with the EAP(s). 12. The number of EAPs that are available for each beneficiary depends on the scholarship option chosen by you, as subscriber, upon your plan's maturity. The EAP amounts are calculated during the first week of September of every year and are based on the following factors: the amount of income earned in the EAP Account of your beneficiary's group, the scholarship option selected, the number of beneficiaries qualifying for their EAPs in your beneficiary's group and the total number of units in your beneficiary's group. The EAP is comprised of the beneficiary's share of income from the EAP Account, government grants and income on the governments grants in your plan. Any government grants and/or income earned thereon paid to the beneficiary as part of the EAP during the reporting period will be indicated in () in the "Activity in 2020" column found in the "Account Details" section of your statement. The beneficiary may receive an advancement of the EAP which is calculated as up to 50% of the previous year's pay-out per unit for the same scholarship option. |
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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.

What happens if my beneficiary wants to take a break between school years/ programs?

If your beneficiary has not received any EAPs yet, you can request up to two (2) deferrals of the first EAP, one year at a time. If your beneficiary has begun receiving EAPs from his or her plan, you can request one (1) deferral only for the 2nd or 3rd EAP. Further deferrals may be approved at the Foundation's discretion.

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 (subject to the annual EAP threshold limit of \$24,676 which is indexed each year by the Canada Revenue Agency). 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 my beneficiary quits post-secondary studies?

Under the scholarship option, your beneficiary may lose his/her entitlement to any EAPs remaining to be paid from your plan. However, if an EAP has not been paid yet in that particular year and the beneficiary is no longer enrolled in post-secondary studies, he or she may apply for an EAP for up to six months after ceasing to be an eligible beneficiary, provided that the payment would have qualified as an EAP if the payment had been made immediately before the student's enrollment ceased. If your beneficiary's last EAP has been forfeited and there are government grants and income earned thereon remaining in the plan, as indicated in the Account Details section of this Statement of Account, your beneficiary can apply to withdraw these funds within six months of ceasing to be an eligible beneficiary or prior to August 31, 2021, whichever comes first. If there is a balance remaining from a previously paid EAP, it can be paid to you, the subscriber, as an accumulated income payment (AIP) provided you have met the AIP requirements pursuant to the *Income Tax Act* (Canada).

What are the requirements for requesting an AIP?

Under the scholarship option, you can apply for an AIP only when there is a balance to a previously paid EAP. To request an AIP from your plan i) the payment must be made to the subscriber who is a Canadian resident, ii) the payment can only be made to one subscriber in the case of joint subscribers; and iii) any one of the following must be met: a) the plan has been opened for ten years and each individual who is or was a beneficiary is over 21 years of age and not eligible for EAPs, or b) the plan is being closed by the expiry date, or c) the beneficiary of the plan is deceased.

What happens if my beneficiary fails a year of studies? Can he or she still receive the EAP?

Yes, your beneficiary can still receive an EAP. However, he or she is required to be enrolled in eligible studies as per below:

If your plan's maturity date is prior to July 31, 2015, the beneficiary must attend a qualifying program at a recognized institution, which is either: (i) a program of study of at least two years duration requiring full-time attendance for at least six months of the year; or (ii) more than one program of full-time study, each of at least one year in duration, for up to four years depending upon the pay-out option selected. Each year requires full-time attendance for at least six months of the year and includes full-time distance and correspondence courses.

If your plan's maturity date is on or after July 31, 2015, at a minimum, your beneficiary must be enrolled in a post-secondary program that qualifies for a payment of an EAP under the *Income Tax Act* (Canada) in each of the school years, currently as follows:

In Canada, your beneficiary must be enrolled in a full-time post-secondary program of a minimum of three consecutive weeks, studying for at least ten hours per week; or if studying part-time, in a post-secondary program of a minimum of three consecutive weeks, studying for at least 12 hours per month.

Outside of Canada, your beneficiary must be enrolled in either i) a full-time postsecondary program taken at a university of a minimum of three consecutive weeks, studying for at least ten hours per week; ii) a full-time post-secondary program taken at a post-secondary institution other than a university of a minimum of 13 consecutive weeks, studying for at least ten hours per week; or iii) a part-time post-secondary program of a minimum of 13 consecutive weeks, studying for at least 12 hours per month.

Substitution of Beneficiary

You can change the beneficiary of your plan prior to the current beneficiary's 21st birthday and/or prior to an EAP being paid/forfeited, whichever comes first. To do so, please contact our Contact centre or your sales representative as some 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, so we can 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 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 knowledgefirstfinancial.ca by selecting the Heritage Plans option 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 knowledgefirstfinancial.ca after selecting the Heritage Plans option to begin the registration process.
3. If you have any questions, please contact our Contact Centre at 1 800 363-7377 or email us at contact@kff.ca.