



THE ADVANTAGES OF SEGREGATED FUNDS

What are segregated funds?

A segregated fund is an insurance product exclusively distributed by insurance companies. It is similar to a mutual fund, but provides, among other features, protection against market downturns, by guaranteeing 75% or 100% of the invested amount at maturity or death.

This guarantee, which is not available for mutual funds, represents a major advantage as it limits the risk of loss.

Segregated funds in the IAG Savings and Retirement Plan also offer several additional advantages that are not available for mutual funds.

Comparing mutual funds and segregated funds

Advantages in common	Mutual funds	Segregated funds
Investment in registered and non-registered contracts (TFSA, RRSPs, RESPs, RRIFs, LIRAs, LIFs, and locked-in RRSPs)	●	●
Yield potential and a wide range of funds options	●	●
Access to capital at all times (redemption fees may apply for a certain period)	●	●
Possibility of making certain withdrawals without surrender charges	●	●
Advantages of iA Financial Group segregated funds		
Guarantee applicable at maturity or death on deposits made		●
Investment growth protected through resets		●
Possibility of no probate fees		●
Quick settlement at death		●
Creditor protection		●
Quicker, easier tax returns		●
Possibility of guaranteed income for life		●

At iA Financial Group, our wide range of competitive and high-performance funds gives you the flexibility you need for optimal portfolio diversification.

The main advantages of investing in iA Financial Group segregated funds

Capital protection

On contract maturity or death, this protection allows you to recover 75% or 100% of the amounts invested if the market value of the funds is lower.

Resets

Our segregated funds, available in the 75/100, 100/100 and FORLIFE Series, offer the possibility of locking in gains every year in order to protect investment funds during market fluctuations.

Possibility of avoiding probate fees

A segregated fund contract makes it possible to designate a beneficiary and therefore avoid paying several fees associated with estate settlement, including probate fees. Probate fees may vary according to each client's personal situation and province of residence.

Quick settlement at death

The value of the funds is promptly paid to beneficiaries in the event of death. This means that, among other things, relatives do not need to personally take care of the deceased's financial commitments.

Creditor protection

This can be a considerable advantage for small business owners and professionals who want to limit their risk of loss in case of bankruptcy or lawsuits. Certain conditions apply.

Quicker, easier tax returns

All tax calculations are already done on the T3 slip (and the Relevé 16 in Quebec) sent by iA, which makes income tax returns easier and faster.

Possibility of guaranteed income for life

With the FORLIFE Series, segregated funds give you access to guaranteed income for life without having to worry about losing capital.

Let the numbers speak for themselves

Here's how avoiding probate and other segregated fund estate-related fees can make a difference.

Illustrated example of net savings through beneficiary designation:

Paul deposited \$25,000 in his contract 15 years ago, then \$7,500 per year until he died at age 68.

	Mutual funds	Segregated funds
Market value at death ¹	\$213,800	\$209,000
Probate fees – Up to 1.5% ²	\$2,460	\$0
Professional fees – Up to 5% ³	\$4,500	\$0
Fees for estate executor – Up to 6% ⁴	\$6,400	\$0
Redemption fees – Up to 7% ⁵	\$0	\$0
Total fees	\$13,360	\$0
Net value after death (before tax)	\$200,440	\$209,000
Savings⁶	-	\$8,560

¹ 5% net rate of return. The net return on segregated fund investments was adjusted by -0.25% to take into account a generally higher MER.

² Probate fees vary according to province. The Ontario estate administration tax is used in the example.

³ Professional fees include, among other things, legal and accounting fees. These vary based on the situation and the complexity of the file.

⁴ Fees for the estate executor vary based on whether the executor is internal or external to the estate. The example assumes an external executor.

⁵ Redemption fees vary by option and mutual funds manufacturer. The assumptions here are used for illustrative purposes only, are subject to change and may not be accurate.

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See how resets prove their worth

David made an initial deposit of \$100,000 in a Series 75/100 segregated fund.¹

\$100,000

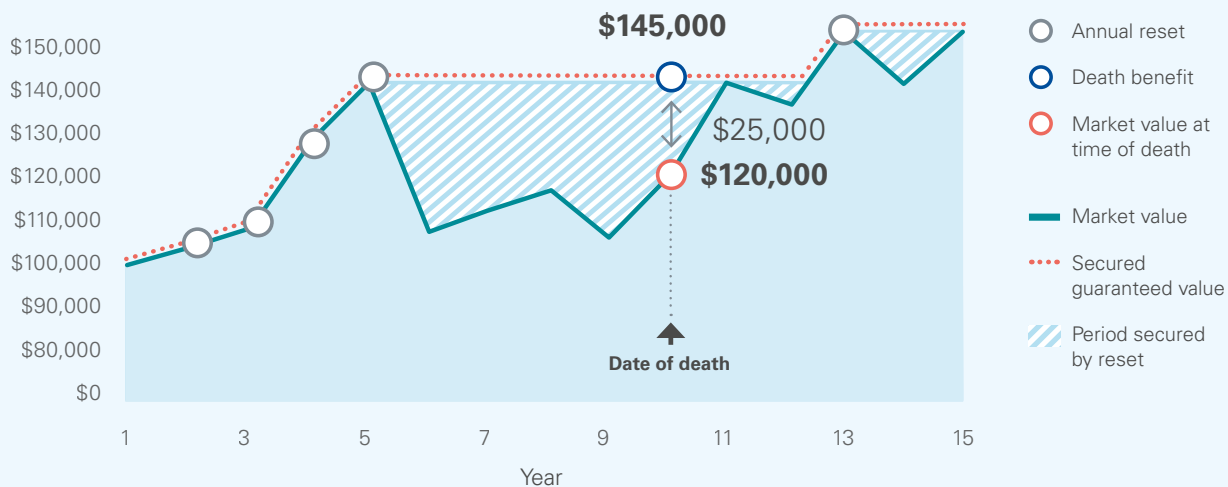
A reset was used to lock in gains every year in which it was favourable.

Reset

If David were to pass away in year 10

At his death, \$145,000 would be paid to his spouse (designated beneficiary), i.e. the amount of the last reset. This is a significant increase over the fund's current market value of \$120,000.

\$145,000 locked in



¹ Hypothetical curve for illustration purposes only.

Why choose iA Financial Group?

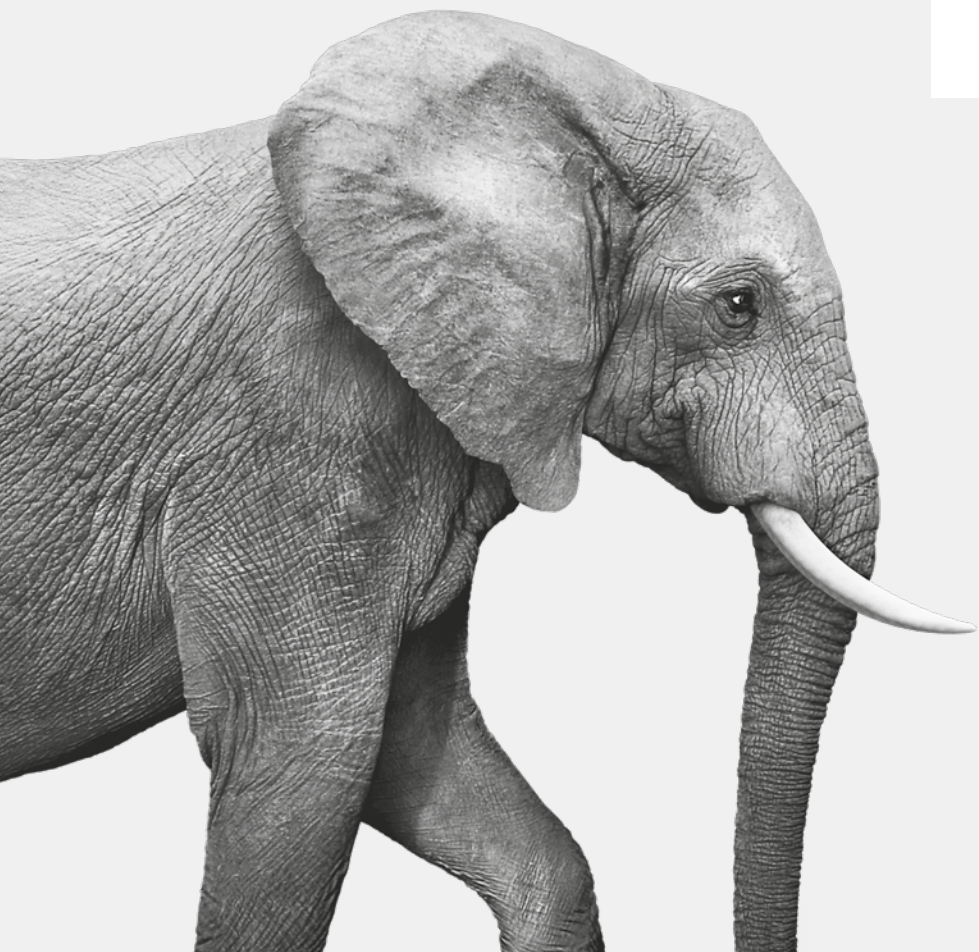
Number one in net segregated fund sales in Canada since 2016 and a full range of funds.

Expertise: A range of funds managed by renowned external managers and firms paired with the in-depth expertise of an internal investment management team (iAGAM).

Variety: Complementary investment products to meet the needs of all types of investors.

Investment guarantees: All our products come with guarantees.

That's a significant advantage!



For more information about segregated funds, talk to your advisor today.

INVESTED IN YOU.

iA Financial Group is a business name and trademark of **Industrial Alliance Insurance and Financial Services Inc.**

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