

COMPENSATION GUIDE
for
Independent Broker
(With or without a professional corporation)

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1. DEFINITIONS

The terms used in this Compensation Guide have the same meaning as the terms defined in the Broker Contract to which it is attached, unless otherwise specified or defined in this Compensation Guide.

“As earned” means any compensation payable on a policy or rider for the period equal to the period covered by the premium actually paid and received by the Company. If the premium is paid on a monthly basis, the “as earned” compensation means the compensation payable for each month, on a monthly basis. For compensation payable under the Investments and Retirement section, “as earned” means one twelfth of the first year compensation.

AGA means Associate General Agent. AGA also means Corporate Intermediaries or Corporate Intermediary as defined in the Corporate Intermediary Contract.

First Year Commission (“FYC”) on Individual Insurance products means the compensation paid by the Company to the Broker on the first year premium amount paid. FYC is annualized and paid to the Broker, unless instructed otherwise by the MGA. However, Company may, at its entire discretion, pay the FYC on premiums actually paid and received by the Company, on an “as earned” basis.

Managing General Agency (“MGA”) means the Agency under which the AGA is selling the Company’s products.

Net Annualized First Year Commission (“NAFYC”) means the total amount of first year commissions on individual life in a calendar year, less any chargebacks, using our standard rolling 24-month chargeback period.

Compensation means all amounts payable to the MGA, AGA and Broker under this Compensation Guide, including but not limited to commissions, bonuses and overrides.

2. INTRODUCTION

The Company will pay the commissions, bonuses and overrides as outlined in this Compensation Guide, as per section 9 COMPENSATION, of the Broker Contract. Broker acknowledges and agrees that part of the compensation outlined in this Compensation Guide will be paid directly to MGA or AGA, as part of their respective Contracts with the Company.

In order for a compensation to be payable under this Compensation Guide, the MGA, AGA or Broker, as the case may be, must have an active distribution contract with the Company and be in good standing on the day the compensation is generated and credited.

Compensation payable under section 3.1 is paid directly to the Broker by the Company, unless otherwise instructed by the MGA, or the AGA.

Compensation payable under section 3.2. a) is paid to the MGA, but can be split or shared with its AGA or Brokers, as per the MGA instructions and Company’s administrative rules.

Compensation payable under sections 3.2 b), c) and d) is paid to the Broker unless otherwise instructed by the MGA, or the AGA.

The Company will keep all accounting records of compensation payments made to MGA, AGA and Brokers under their respective contracts and will prepare and issue the applicable tax slips accordingly.

Compensation payments are generated and credited to MGA, AGA and Brokers on each pay cycle, as per the Company's administrative rules. There are currently two pay cycles per week. Amounts due and payable are credited to MGA, AGA and Brokers each Monday and Thursday. The Company reserves the right to set a minimum amount for any compensation credited to the MGA, AGA and Broker's bank account. Statutory Holidays may affect deposit dates.

This Compensation Guide is effective as of January 1st 2020 on Company products issued on or after January 1st 2020, unless otherwise specified in this Compensation Guide. Where Compensation payable under this Compensation Guide includes Compensation payable on policies issued prior to January 1st 2020, the terms contained in this Compensation Guide take precedence over the terms of any other applicable Compensation Guide conflicting with this Compensation Guide, to avoid any overpayment of compensation.

In the event of a conflict between the MGA and the Broker pertaining to instructions provided to the Company for the payment of any amount of compensation payable to the Broker under this Compensation Guide, the Broker understands and agrees that the MGA's instructions sent to the Company shall take precedence over the instructions of the Broker. As such, the Broker releases the Company from any liability and indemnification to that effect. The Broker understands and agrees that its sole recourse for payment of compensation shall be against the MGA.

3. INDIVIDUAL INSURANCE

3.1 SCHEDULE OF COMMISSIONS FOR INDIVIDUAL INSURANCE PRODUCTS

a) Permanent Life Insurance Products

Products	Years	Commissions
Essential Whole Life (Life Pay)	1 st year	45.0%
	2 nd - 5 th	6.0%
	6 th - 10 th	2.0%
Essential Whole Life (20-Year Pay & Pay to age 65)	1 st year	35.0%
	2 nd - 5 th	6.0%
	6 th - 10 th	2.0%
No Medical Whole Life Plus	1 st year	45.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.4%
No Medical Whole Life	1 st year	35.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.4%
Golden Protection (Life Pay & 20-Year Pay)	1 st year	45.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.4%
Golden Protection – Deferred (Life Pay & 20-Year-Pay)	1 st year	35.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.4%
Total Protection	1 st year	40.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.4%

b) Temporary Life Insurance Products

Products	Years	Commissions
FlexTerm – T10	1 st year	40.0%
FlexTerm – T15	1 st year	42.5%
FlexTerm – T20	1 st year	45.0%
FlexTerm – T25	1 st year	47.5%
FlexTerm – T30	1 st year	50.0%
FlexTerm – T35	1 st year	50.0%
All FlexTerm products	2 nd year to the end of each term	2.0%
All FlexTerm products	Renewal	10.0%
	Upon exercising the Term Exchange Option	25.0%
FlexOptions (T15, T20 & T25)	1 st year	35.0%
	2 nd - 5 th	2.4%
	6 th - 10 th	1.6%
No Medical Term Plus (T10 & T20)	1 st year	35.0%
	2 nd - 5 th of each term	3.0%
	6 th - 10 th of each term	1.6%
	Renewal	32.0%
No Medical Term (T10 & T20)	1 st year	35.0%
	2 nd - 5 th	3.0%
	6 th - 10 th	1.6%
Youth Plus	1 st year	42.5%
	2 nd - 5 th	4.0%
	6 th over	2.4%

c) Participating Life Insurance Products

Products	Years	Commissions
ParPlus (Life Pay)	1 st year	60.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.0%
ParPlus (20-Year Pay) & ParPlus Junior	1 st year	55.0%
	2 nd - 5 th	4.0%
	6 th - 10 th	2.0%

d) Living Benefit Products

Products	Years	Commissions
Critical Protection (T15, T20 & T25)	1 st year	45.0%
	2 nd - 5 th of each term	3.0%
	6 th and up of each term	2.0%
	Renewal	20.0%
Critical Protection (T75 & T75 20-Year Pay)	1 st year	50.0%
	2 nd - 5 th	4.0%
	6 th -10 th	3.0%

e) Additional Benefit Riders

Product Riders	Years	Commissions	Upon exercising of the Term Exchange Option on FlexTerm
Accidental Death*/ Accidental Death & Dismemberment*	1 st year	50.0%	25.0%
	2 nd - 5 th	4.0%	4.0%
	6 th -10 th	2.4%	2.4%
Accidental Fracture Rider	1 st year	36.5%	25.0%
	2 nd - 5 th	4.0%	4.0%
	6 th -10 th	2.4%	2.4%
Child Insurance Rider	1 st year	32.5%	20.0%
	2 nd - 5 th	4.0%	4.0%
	6 th -10 th	2.4%	2.4%
Critical Illness Rider	1 st year	45.0%	25.0%
	2 nd - 5 th of each term	3.0%	3.0%
	6 th and up of each term	2.0%	2.0%
	renewal	20.0%	20.0%
Disability Income (based on loan or on employment income)	1 st year	35.0%	
	2 nd - 5 th	2.4%	
	6 th - 10 th	1.6%	
Return of Premiums - Flexible On Critical Protection (T15, T20 & T25)	1 st year	30.0%	20.0%
	2 nd - 5 th of each term	3.0%	3.0%
	6 th and up of each term	2.0%	2.0%
Return of Premiums - Flexible On Critical Protection (T75 & T75 20-Year Pay)	1 st year	30.0%	20.0%
	2 nd - 5 th	4.0%	4.0%
	6 th -10 th	3.0%	3.0%
Waiver of premium (death or disability)	1 st year	35.0%	25.0%
	2 nd - 5 th	2.4%	2.4%
	6 th -10 th	1.6%	1.6%

*For the following benefit coverages, 1) Accidental Death, 2) Accidental Death & Dismemberment, and 3) Return of Premiums upon death, when included in the policy or rider, no additional commissions are payable. Commissions on those benefit coverages are only generated if issued under a standalone rider and calculated on their specific premium amounts.

f) Products no longer available for new sales

Products	Years	Commissions
InstaTerm 10/ InstaTerm deferred 10 ¹	2 nd -5 th of each term	2.4%
	6 th and up of each term	1.6%
	renewal ¹	32.0%
InstaTerm 20 InstaTerm deferred 20 ¹	2 nd -5 th of each term	2.4%
	6 th and up of each term	1.6%
	renewal ¹	32.0%

3.2 INDIVIDUAL INSURANCE BONUSES & OVERRIDES

a) Base Production Override (Previously DEFINED AS: Life Insurance Bonus)

The MGA shall provide the Company with prior written instructions for the payment of any portion of the Base Production Override to the AGA, or to its Brokers. The instructions only take effect on the date they are received and incorporated in the Company's systems, by the Company or by the MGA, as per

the Company's administrative rules. Such instructions may only be modified in writing, from time to time, as per the Company's administrative rules.

b) Broker Development Bonus

Unless instructed otherwise by the MGA or the AGA, this Bonus is payable to the Broker.

Calculation

The Broker Development Bonus is equal to the total amount of Individual Insurance Premiums in-force, with an issue date of January 1st, 2020 or later, multiplied by the following Bonus rate which is determined by the amount of NAFYC paid to the broker for that calendar year.

NAFYC*	Bonus Rate
\$0 – \$24,999	0%
\$25,000 – \$34,999	0.50%
\$35,000 – \$49,999	0.60%
\$50,000 – \$74,999	0.75%
\$75,000 – \$99,999	1.00%
\$100,000 and up	1.25%

*The bonus rate used to calculate the Broker Development Bonus is set according the level of NAFYC reached on December 31st of each calendar year.

The Broker Development Bonus is applied exclusively to brokers account and cannot be shared with the AGA or MGA or with another broker.

Credit

The bonus is calculated on the last day of each calendar year, and divided in four (4) equal amounts to be paid throughout the following year: March 1, June 1, September 1, and December 1.

c) Broker Momentum Bonus

Unless instructed otherwise by the MGA or the AGA, this Bonus is payable to the Broker

Calculation

The Broker Momentum Bonus is equal to the total Net Annualized First Year Commissions (NAFYC) earned in a same calendar year on all individual insurance found in section 3.1, multiplied by the following bonus rates:

LEVEL	Bonus Rate
Year 1	15%
Year 2	20%
Year 3	25%
Year 4+	30%

The bonus rate used to calculate the Broker Momentum Bonus is set according to the level for which the broker is eligible in a current calendar year.

In order to qualify for year 1, the Broker must have earned a minimum amount of \$10,000 in NAFYC in one single calendar year, starting on January 1st 2020.

For each subsequent calendar year, provided that the broker earns a minimum amount of \$10,000 in NAFYC for each calendar year, he or she will be automatically eligible for the next level bonus rate. Once the broker reaches the maximum Year 4 level, he or she remains at that level provided that he or she continues to earn the minimum amount of \$10,000 in NAFYC in each calendar year.

If the broker does not reach the amount of \$10,000 in NAFYC by December 31 of any given year, he or she will not be paid the Broker Momentum Bonus for that year and will start back at year-1 level upon reaching a minimum amount of \$10,000 in NAFYC in any subsequent year.

Credit

The Broker Momentum Bonus is only generated upon the broker reaching the minimum amount of \$10,000 in NAFYC in a calendar year. The broker is then paid retroactively to the first dollar. Thereafter, the bonus is credited monthly on new sales, as it is earned. When a chargeback is triggered on the FYC, as stated in section 3.3.c), the Company will apply the chargeback based on the same rate that was used at the time the Momentum Bonus was paid.

The full Broker Momentum Bonus is charged back in any given year, upon the NAFYC amount falling below the minimum amount threshold set at \$10,000, as determined on December 31st of the said year.

The Broker Momentum Bonus is calculated on the last day of each month, and is paid to the Broker on the following compensation payment date.

d) First Year Broker Bonus (applies Only to Essential Whole Life)

Calculation

The applicable rate in calculating the first-year broker bonus (FYBB) is set according to the total **in-force** premiums. The rate is based on the highest amount of in-force premiums on the previous year or, in-force premiums placed since January 1 of the current year. The applicable rate is updated the first of every month.

In-force Premiums	Rate
Up to \$ 4,999.99	5.0 %
\$ 5,000.00 to \$ 19,999.99	15.0 %
\$ 20,000 to \$ 49,999.99	20.0 %
\$ 50,000 and over	25.0 %

The first-year broker bonus is generated at the time of sale of an Essential Whole Life policy, by multiplying the premiums by the applicable rate outlined above. The FYBB is credited to the broker's account at the same pay period as the first-year commission and is payable to the broker only.

When a chargeback is triggered on the FYC of an Essential Whole Life policy, as stated in section 3.3.c), the Company will apply the chargeback to the FYBB based on the same rate that was used at the time it was paid.

3.3 CREDITS AND DEBITS

a) First-year commissions

Policies: First-year commission on new issues are credited when the policy is placed and paid. The credit is equal to the commission rate indicated in the Schedule of Commissions, multiplied by the premium.

Riders: First-year commission on riders added to an existing policy are credited when the rider is placed and paid. The credit is calculated on the same basis as a new policy.

b) Renewal commissions

Renewal commissions are equal to the renewal rate indicated in the Schedule of Commissions multiplied by the premium on policies and riders in-force. The commission is credited when the premium is paid.

c) Chargebacks upon policy modification, cancellation, rescinded, lapse, or death of the insured

I. Chargeback on FYC and renewal commissions

In the event that a life policy lapses, is rescinded, is cancelled or otherwise terminates, including policies terminated upon the death of the insured where premiums are reimbursed and less than 24 months of fully paid premiums have been received, part of or all of the first-year commission previously paid or credited in respect of such policy will be charged back against the pertinent commission account for immediate repayment. Any charge back amount is equal to the difference between the amount of First Year Commissions previously paid or credited and the amount calculated in the following formula.

$$\frac{\text{Annualized first-year Commissions}}{24} \times \text{Number of months premiums paid}$$

If a policy and/or rider has been modified, cancelled, rescinded, or terminated retroactively and premiums are reimbursed for a number of months, the “number of months premiums paid” in the table above will be reduced accordingly for the chargeback calculation. This also applies if premiums are reimbursed following the death of the insured. The renewal commission will also be charged back if premiums are reimbursed retroactively. Such chargeback amount will equal the amount of renewal commission paid during the number of months premiums were reimbursed.

II. Chargeback on base production override

In the event that a life policy lapses, is rescinded, is cancelled or otherwise terminates, including policies terminated upon the death of the insured where premiums are reimbursed and less than 24 months of fully paid premiums have been received, part of or all of the Base production override previously paid or credited in respect of such policy will be charged back against the pertinent commission account for immediate repayment. The chargeback amount is equal to the difference between the amount of Annualized Base Production Override previously paid or credited and the amount calculated in the following formula.

$$\frac{\text{Annualized Base Production Override}}{24} \times \text{Number of months premiums paid}$$

III. Chargeback on bonus and overrides

In the event that a life policy is terminated following the death of the insured where premiums are reimbursed and less than 24 months of fully paid premiums have been received, a chargeback is applicable on bonuses and overrides paid. Such chargeback amount will equal the amount of Bonuses and overrides paid during the number of months premiums were reimbursed. If annualized bonuses and overrides have been paid, the chargeback will be prorated accordingly.

If a policy and/or rider has been modified, cancelled, rescinded, or terminated retroactively and premiums are reimbursed for a number of months, a chargeback is applicable on bonuses and overrides paid. This also applies if premiums are reimbursed following the death of the insured occurring more than two (2) years after the issue of the policy. Such chargeback amount will equal the amount of Bonuses and overrides paid during the number of months premiums were reimbursed. If annualized bonuses and overrides have been paid, the chargeback will be prorated accordingly.

When a premium on a policy is changed, a debit or credit, as the case may be, will be triggered. The amount of debit or credit will be adjusted to give effect to this Compensation Guide.

All amounts of chargebacks under this Compensation Guide will be debited from the MGA, AGA or Broker compensation account who initially received the compensation, unless the chargeback payment liability has been assumed by another MGA, AGA or Broker following a transfer of the policy or rider, as agreed to by the Company.

3.4 COMMISSION CALCULATIONS

Commissions are calculated by applying to the premiums the percentages indicated in the Schedule of Commissions.

Year	Payment type
First Year	Annualized premium
Renewal	Paid premium

3.5 LARGE CASE COMMISSIONS

Where total annualized first year commission including the Base Production Override on a single policy or a group of related policies is above a threshold set by Company, Company reserves the right to pay commissions as follows:

a) For policies with a total of First Year Commission (FYC) and Base Production Override between \$10,000 and \$29,999

- I. Within the month of the policy being placed (month 1), 25% of the total compensation (FYC + Override) will be credited.
- II. In the months 2 to 9 inclusive, after the policy has been placed, one eighth of 25% of the total compensation (FYC + Override) will be credited in equal amounts over those months.
- III. In the months 10 to 18 inclusive, after the policy has been placed, one ninth of 50% of the total compensation (FYC + Override) will be credited in equal amounts over those months.

b) For policies with a total of First Year Commission (FYC) and Base Production Override of \$30,000 and more

- I. Within the month of the policy being placed (month 1) one month of the policy being placed, the amount credited for month 1 will be the greater of \$10,000 or 25% of the annualized FYC. The Base Production Override will be based on the FYC generated.
- II. In the months 2 to 12 inclusive, after the policy has been placed, the FYC paid will be equal to one eleventh of 50% of the FYC credited in equal amounts over those months. The Base Production Override will be paid at the same rate of one eleventh of 50% of Base Production Override, credited in equal amounts over those months.
- III. In the months 13 to 24 inclusive, after the policy has been placed, one twelfth of the remaining balance of the FYC will be paid in equal amounts over those months. The remaining balance of Base Production Override will also be paid in 12 equal amounts over those months.

c) Charge-back on large case

Charge-back on large case with commission treated as indicated in Section 3.3.c) must be repaid within 3 months of the termination of a single policy or a group of related policies.

d) **Company's threshold amount**

Company's total compensation threshold is \$10,000 (FYC and Base Production Override).

3.6 **PERSONAL POLICIES**

The Company reserves the right to pay the total first year commission on personal policy or on policies placed on immediate family members to be credited on an «**As Earned**» basis, beginning within one month of the policy being placed.

The Company reserves the right to pay any compensation on an "as earned" basis, to the MGA, AGA and Brokers.

3.7 **SPECIAL PROVISIONS**

a) **Rated Premiums**

For life insurance, the following procedure is applicable:

- Temporary → no commission on rated premium
- Permanent → regular commission

b) **Automatic Loans**

Regular commissions are credited to the MGA's account when a premium is paid by automatic loan.

c) **Waiver of Premiums**

Regular commissions are credited to the MGA's account on premiums waived under a waiver of premium benefit.

d) **Prepaid Premiums**

Where premiums are paid in advance, commissions, bonuses and overrides are credited on the premium due date.

e) **Conversions**

When a term insurance is converted to a permanent policy under a conversion option, first year commissions, including bonuses and overrides are adjusted.

Calculation

- If the new policy (permanent policy) is issued less than one year following the issue date of the converted term policy, the first year commission of the new permanent policy will be calculated as follow:

Regular first year commission on the new permanent policy less the net* commission paid on the previous policy (term policy).

**The net commission includes the initial commission (+) and any charge back of commission (-) related to the termination of the term policy.*

- If the new policy (permanent policy) is issued between year-one and year-two following the issue date of the converted term policy, the first year commission of the new permanent policy will be calculated as follow:

Regular first year commission on the new permanent policy less 50% of the net* commission paid on the previous policy (term policy).

**The net commission includes the initial commission (+) and any charge back of commission (-) related to the termination of the term policy.*

- If the new policy (permanent policy) is issued more than two years following the issue date of the first policy (term policy), there will be no adjustment of first year commission on the new permanent policy.

The Broker who effects the conversion will be named servicing and commissioning broker on the new policy (permanent policy). He will also be transferred the converted term policy before it is terminated. The Broker having received the commissions on the converted term policy will be responsible for any charges made to it.

Conversion of FlexOptions

The compensation payable on the conversions of the FlexOptions will be the same as internal replacement.

Conversion of Group Insurance

No compensation will be credited and paid on group life insurance conversion

f) Replacements

Life Insurance

When a new life insurance policy is issued to an insured within twelve (12) months preceding or following the cancellation or lapse of a policy in the same line of business, the new policy is considered a replacement.

The first year commission payable on the new policy is calculated as follow:

- Replacement of a policy having an issue date of 5 years or less: first year commission on the new policy less the FYC generated on the previous policy.
- Replacement of a policy having an issue date of more than 5 years: regular first year commission.

The Broker who effects the replacement will be named servicing and commissioning broker on the new policy. He will also be transferred the replaced policy before it is terminated. The Broker having received the commissions on the replaced policy will be responsible for any charges made to it.

g) Reinstatements and changes to type of insurance

The Broker requesting the reinstatement or the change of type of insurance will become servicing and commissioning broker on the policy effective on the date the request for reinstatement or for change in type is made. If a charge-back is done before the changes are effective, it will be debited to the account of the broker having received the initial commission.

h) Riders converted to policies

The commissions will continue to be credited on the amount of the transformed premium. A commission will also be credited on the additional premium as of the date of the change. The rate of commission will be equivalent to the rate actually paid on the premium.

4. GROUP INSURANCE

First-year and renewal commissions are equal to the rate of commission indicated in the Schedule of Commissions found below in section 4.1.

At the issue or renewal of a Contract, when at least 80% of the first monthly premium is received for the Group (branches included), a commission on 90% of the estimated annual premium will be credited.

When at least 80% of the last contractual payment is received, a commission adjustment will be processed for the Group (branches included).

Where a policy is cancelled or lapses after having been in-force for less than four months, all commissions credited on the policy are debited from the MGA, AGA or Broker compensation account who initially received the commission, unless the chargeback payment liability has been assumed by another MGA, AGA or Broker following a transfer of the group policy, as agreed to by the Company

Where a policy is cancelled or lapses after having been in-force for at least four months, the unearned commissions are debited from the MGA, AGA or Broker compensation account who initially received the commissions, unless the chargeback payment liability has been assumed by another MGA, AGA or Broker following a transfer of the group policy, as agreed to by the Company.

4.1 COMMISSIONS ON GROUP PRODUCTS

Unless instructed otherwise by the MGA, the following Commissions are payable by the Company to the Broker.

Annualized premiums	Rate*	Association Plan Special Agreement
First \$5,000	10%	8.00%
Next \$10,000	10%	6.00%
Next \$10,000	8%	6.00%
Next \$5,000	8%	3.50%
Next \$20,000	6%	3.50%
Next \$50,000	4%	1.50%
Next \$100,000	2%	0.75%
Next \$50,000	2%	0.50%
Over \$250,000	1%	0.50%

* The Company reserves the right to provide a special schedule of commissions for certain group plans, comprising rates different from those above

4.2 GROUP INSURANCE BONUSES

Unless instructed otherwise by the MGA, the following Net First Year Commissions Bonus and the Net Renewal Commissions Bonus are payable by the Company to the Broker.

a) Net First Year Commissions Bonus

To qualify for the Group Insurance Bonus, section "First Year Commissions", in any given calendar year, you must meet the following requirements, by December 31st of the applicable year:

- Minimum of 3 new groups in the calendar year; and
- Minimum of \$35,000 of annualized first year premiums (new groups only)

The Company reserves the right to provide a special schedule of commissions for certain group plans, comprising rates different from those above.

Note: the addition of a new benefit, class or division to an existing group is not considered a new sale and is excluded from the calculation

Calculation

Multiply the net annualized first-year commissions (group) by the rate indicated below for each band amount:

Net Annualized First year commissions	Rate
First \$5,000	10.0%
Next \$5,000	15.0%
Next \$5,000	20.0%
Next \$5,000	25.0%
Over \$20,000	30.0%

b) Net Renewal Commissions Bonus

To qualify for the Group Insurance Bonus, section “Renewal Commissions”, in any calendar year, you must meet the following requirements by December 31st of the applicable year:

- Minimum of 3 groups in-force;
- Minimum of \$35,000 of annualized premium in-force; and
- Have a persistency rate* of 85% or more

*The persistency rate is calculated by dividing the amounts of premiums in force on December 1st of any given year by the amount of premiums in force on December 1st of the previous year.

The Company reserves the right to provide a special schedule of commissions for certain group plans, comprising rates different from those above.

Calculation

Multiply the net renewal commission amount (group) by the rate indicated below:

Net Renewal commissions	Rate
First \$10,000	2.5%
Next \$10,000	5.0%
Next \$30,000	7.5%
Over \$50,000	10.0%

The above calculation applies to all group contracts in any given year.

c) Bonus

Bonuses are generated and credited based on the rates and calculation indicated in the applicable tables.

Note:

- The above schedule applies to all groups and benefits: Life, AD&D, Dep., W.I., CI, LTD, Health, Dental
- Where, for any reason, a broker is no longer the authorized broker, the Company may, by written notice, stop payment of commissions payable hereunder. Commissions will cease to be credited to the broker on the date on which the broker ceases to be the authorized broker.
- The Company reserves the right to provide a special schedule of commissions for certain group plans, comprising rates different from those above.
- No amount will be credited on group life insurance conversion.

5. INVESTMENTS AND RETIREMENT

Commissions rates payable on deposits made in Guaranteed Investment Accounts are illustrated in the applicable tables below.

For deposits in segregated funds

For compensation payments generated under this section for deposits in segregated funds, compensation is paid on each premium amount deposited in the annuity contract as follows:

- a) **First year commissions (New deposit commission):** Commission amounts are generated and payable on each new deposit at the rate determined in the applicable table. This is the commission amount payable provided that the deposit amount has been received and that the annuity contract has been issued. In order for a deposit to be considered as a new deposit, it must be received by the Company from an external source, not transferred from an existing contract issued by the Company. If the deposit is transferred from an existing contract with the Company, applicable chargebacks will be calculated on the existing contract if any, and FYC will be payable upon the issuance of the new contract, subject to the Company's administrative rules and restrictions on contract replacement. FYC are subject to chargebacks.
- b) **Renewal commissions ("Trailers") (applicable to segregated funds deposited in deferred annuity contracts only)** Renewal commissions amount "Trailers" is equal to the Trailer rate indicated in the applicable table. Trailers will be calculated at the end of each calendar month, starting on the last day of the following month in which deposit was made and based on the following formula:

$$\text{Trailer amount} = \left(\begin{array}{l} \text{Accumulated} \\ \text{value of annuity} \\ \text{contract} \end{array} + \begin{array}{l} \text{Withdrawn} \\ \text{amounts made} \\ \text{during the} \\ \text{month} \end{array} - \begin{array}{l} \text{Deposit} \\ \text{amounts} \\ \text{made} \\ \text{during the} \\ \text{month} \end{array} \right) \times \text{Trailer rate}$$

One-twelfth of the calculated Trailer rate will be generated and paid.

5.1 SCHEDULE OF COMMISSIONS FOR INVESTMENTS AND RETIREMENT

Unless instructed otherwise by the MGA, or the AGA, as the case may be, compensation found in section 5.1 is payable by the Company to the Broker.

a) Individual Immediate Annuities

Product	Years	Commissions
Immediate annuity with funds from external sources.	1 st year	3% on the first \$100,000 1.5% on amounts exceeding \$100,000
Immediate annuity from internal sources	1 st year	1.5% on the first \$100,000 0.75% on amounts exceeding \$100,000

b) Group Immediate Annuities

Product	Years	Commissions
Group Immediate Annuities	1 st year	Negotiable rate up to a maximum of 2.00%, upon approval from Company

c) Deferred Individual Annuities - Guaranteed Interest Accounts

	At issue date and at each term renewal	Annual Bonus
New deposits on contracts with an issue date before January 17 th , 2019	0.25% x term	0.125% of the assets from contracts in-force on June 30 of each year
New deposits on contracts with an issue date before January 17 th , 2019 GIA 1-year redeemable ¹	0.25%	0.125% of the assets from contracts in-force on June 30 of each year
¹ The commission will be payable at the maturity date of the GIA and will be based on its value at that time.		
New deposits on contracts with an issue date on or after January 17 th , 2019	0.25% x term	No bonus
New deposits on contracts with an issue date on or after January 17 th , 2019 GIA 1-year redeemable ¹	0.25%	No bonus
¹ The commission will be payable at the maturity date of the GIA and will be based on its value at that time.		

d) Deferred Individual Annuities - Segregated Funds

	1st Year	Annual Bonus
<i>Deposits in Series A</i>	2.00%	0.25% ¹ of the assets from contracts in-force on June 30 of each year
	1st Year	Trailers
Deposits in Series B – no load (contracts with an issue date after Dec. 31, 2001)		
Option 1: Regular rate	4.00% ²	0.45% ²
Option 2: High trailer³	0%	1.00% ²
	1st Year	Trailers
Deposits in Series C – back-end load (contracts with an issue date after Dec. 31, 2001)	4.00% ²	0.45% ²

e) Registered Investment Accounts

	1st Year	Trailers
Deposits in Series D no load	2.00%	Year 1 to 3: 0.40% Year 4+: 0.80%
Deposits in Series D no load (Bond Funds)*	2.00%	Year 1 to 3: 0.20% Year 4+: 0.40%
	1st Year	Trailers
Deposits in Series E – front load	Negotiable rate up to a maximum of 3.00%, upon approval from Company	0.80%
Deposits in Series E – front load (Bond Funds)*	Negotiable rate up to a maximum of 3.00%, upon approval from Company	0.40 %

*Please refer to Appendix A of Registered Investment Account Annuity Contract

Note:

¹ For RRIFs and LIFs, the bonus rate is **0.10%** of the assets from contracts in-force on June 30 of each year.

² First year and renewal (trailers) commissions will be reduced by half on the following funds :

- Louisbourg Money Market Fund
- Louisbourg Fixed Income Fund
- CI Signature Canadian Bond Fund
- Assumption Life Conservative Portfolio
- CI Signature Corporate Bond Fund.
- SmartSeries Income Fund

³ Should a broker or his MGA wish to convert a block of business to the High Trailer option, a chargeback will apply as illustrated in the table found in section 5.4. All conversion requests are applied to the entire block of business and should be directed to Company's Investment and Retirement Department at 1-888-577-7337.

0.75\$ per month per participant is generated on group deferred annuity contract (groups issued before January 1st, 2002).

Upon conversion from an RRSP to an RRIF and from a LIRA to a LIF, a commission of 1% will be payable on the market value of the conversion amount, excluding new deposits made within 24 months preceding the conversion date.

5.2 MULTI EMPLOYER PLAN & GROUP RETIREMENT SAVINGS

Unless instructed otherwise by the MGA, compensation found in section 5.2 is payable by the Company to the Broker.

a) Defined Contribution Plan and Multi Employer – Segregated funds

	1 st year	Annual Bonus
New deposits on contracts with an issue date between February 26, 1996 and December 31, 2001	1.00%	0.10% of the assets from contracts in-force on June 30 of each year
	1 st year	Annual Bonus
New deposits on contracts with an issue date between January 1 st , 2002 and December 31, 2017	2.00%	0.50% of the assets from contracts in-force on June 30 of each year
	1 st year	Annual Bonus
New deposits on contracts with an issue date after December 31 st , 2017	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Company	0.50%** ** negotiable rate up to a maximum of 0.50%, upon approval from Company

b) Defined Contribution Plan and Multi Employer – Guaranteed Interest Accounts

	At issue date and at each term renewal	Annual Bonus
New deposits on contracts with an issue date before January 17 th , 2019 GIA 1-year non-redeemable GIA 3-year non-redeemable GIA 5-year non-redeemable	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Company	0.50%** ** negotiable rate up to a maximum of 0.50%, upon approval from Company

New deposits on contracts with an issue date on or after January 17 th , 2019 GIA 1-year non-redeemable GIA 3-year non-redeemable GIA 5-year non-redeemable	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Company	No bonus
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c) Group Retirement Savings* – Segregated Funds

*excludes defined contribution plans and Multi employer plans

	1 st year	Annual Bonus
New deposits on contracts with an issue date between February 26, 1996 and December 31, 2001	1.00%	0.10% of the assets from contracts in-force on June 30 of each year
	1 st year	Annual Bonus
New deposits on contracts with an issue date between January 1 st , 2002 and December 31, 2014	2.00%	0.50% of the assets from contracts in-force on June 30 of each year
	1 st year	Trailers
New deposits on contracts with an issue date on or after December 31 th , 2019	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Company	0.50%** ** negotiable rate up to a maximum of 0.50%, upon approval from Company

d) Group Retirement Savings* – Guaranteed Interest Accounts

*excludes defined contribution plans and Multi employer plans

	At issue date and at each term renewal	Annual Bonus
New deposits on contracts with an issue date before January 17 th , 2019	0.25% x term	0.125% of the assets from contracts in-force on June 30 of each year
New deposits on contracts with an issue date before January 17 th , 2019 GIA 1-year redeemable ¹ ¹ The commission will be payable at the maturity date of the GIA and will be based on its value at that time.	0.25%	0.125% of the assets from contracts In-force on June 30 of each year
	At issue date and at each term renewal	Annual Bonus
New deposits on contracts with an issue date on or after January 17 th , 2019	0.25% x term	No bonus
New deposits on contracts with an issue date on or after January 17 th , 2019 GIA 1-year redeemable ¹ ¹ The commission will be payable at the maturity date of the GIA and will be based on its value at that time.	0.25%	No bonus

5.3 PERSONAL PENSION PLAN

Unless instructed otherwise by the MGA or the AGA, as the case may be, compensation found in section 5.3 is payable by the Company to the Broker.

a) Personal Pension Plan – Guaranteed Interest Accounts¹.

	At issue date and at each term renewal
GIA 1-year non-redeemable	2.00%
GIA 3-year non-redeemable	<i>negotiable rate up to a maximum of 2.00%, upon approval from Company</i>
GIA 5-year non-redeemable	
¹ <i>Not currently available in all Canadian provinces</i>	

b) Personal Pension Plan – Segregated Funds

	1 st year	Trailers
New deposits	2.00% ²	0.25% ³
<i>Not currently available in all Canadian provinces</i>	² <i>negotiable rate up to a maximum of 2.00%, upon approval from Company</i>	³ <i>negotiable rate up to a maximum of 0.25%, upon approval from Company</i>

5.4 CHARGEBACKS ON SEGREGATED FUNDS WITHDRAWALS AND TRANSFERS

Chargebacks outlined in this section are applicable for commissions paid under section 5.1, 5.2, 5.3, and 5.6 of this compensation guide and will be debited from the MGA, AGA or Broker compensation account who initially received the first year commission, unless the chargeback payment liability has been assumed by another MGA, AGA or Broker following a transfer of the annuity contract, as agreed to by the Company.

CHART 1 Withdrawal on segregated funds and Registered Investment Accounts Series D, including amounts transferred out. First year commissions chargeback is applicable based on the duration of each deposit	
<u>Deposit withdrawn or transferred out</u>	<u>Commission chargeback</u>
less than 1 year since the deposit	100% of FYC
at least 1 year but less than 2 years since deposit	75% of FYC
at least 2 years but less than 3 years since deposit	50% of FYC
CHART 2 Transfer of fund with full commission to fund with half the commission (<i>back-end load and no load funds</i>) First year commissions chargeback is applicable based on the duration of each deposit	
<u>Deposit transferred</u>	<u>Commission chargeback</u>
less than 1 year since the deposit	50% of FYC
at least 1 year but less than 2 years since deposit	37.5% of FYC
at least 2 years but less than 3 years since deposit	25% of FYC

CHART 3 Transfer of fund with reduced commission to fund with full commission (back-end load and no load funds) First year commissions adjustment is applicable based on the duration of each deposit	
<u>Deposit transferred</u>	<u>Positive adjustment of FYC*</u>
less than 1 year since the deposit	100% of FYC
at least 1 year but less than 2 years since deposit	75% of FYC
at least 2 years since deposit	50% of FYC
CHART 4 Withdrawals on Registered Investment Accounts Series D, including amounts transferred out First year commissions is applicable based on the duration of each deposit	
<u>Deposit withdrawn or transferred out</u>	<u>Commission Chargeback</u>
less than 1 year since the deposit	100% of FYC
at least 1 year but less than 2 years since deposit	80% of FYC
at least 2 years but less than 3 years since deposit	60% of FYC

*The positive adjustment outlined above in chart 3 is made when segregated funds are transferred from funds with reduced commissions to funds with full commissions as per the rates outlined. The Positive adjustment of FYC is the percentage rate found in Chart 3 multiplied by the difference between the FYC already paid and the commission on the higher paying fund.

The First in First out "FIFO" method will be applied on all amounts withdrawn in order to calculate the chargebacks, if any. This method is the most generous for the MGA, AGA and Brokers.

There are no chargebacks on renewal commissions

5.5 CHARGEBACK UPON DEATH OF THE ANNUITANT

No chargeback of commission will apply upon the death of the annuitant, unless one of the following conditions is applicable:

- a) If the annuitant passes away within 12 months from the last deposit, a 100% chargeback is applicable on all deposits made during the year prior to his or her death, regardless of the annuitant's age.
- b) the annuitant was 80 years of age or older at the time of deposit. If so, a chargeback is applicable on the deposits made after the 80th birthday of the annuitant. The chargeback scale used for the chargeback calculation is as follows:
 - I. 100% of the chargeback will be applicable for all deposits made during the year preceding the death of the annuitant.
 - II. 75% of the chargeback will be applicable for all deposits made during the second year preceding the death of the annuitant.
 - III. 50% of the chargeback will be applicable for all deposits made during the third year preceding the death of the annuitant
 - IV. 0% of the chargeback will be applicable for all deposits made prior to the third year preceding the death of the annuitant.

---ASSUMPTION MUTUAL LIFE INSURANCE COMPANY---