

iA Announces Alternative to the SRIA Investment Account: SRDA

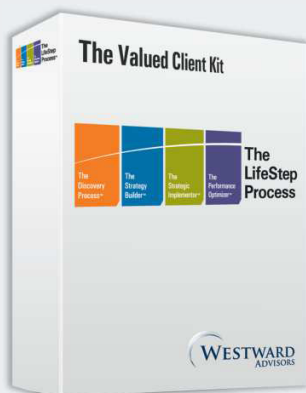
WESTWARD'S VIEW

On May 28, 2021, iA Financial ("iA") announced a new investment alternative in their Genesis life insurance policies. The Smoothed Return Diversified Account ("SRDA") is an alternative to the Stabilized Return Index Account ("SRIA") and is designed to offer better returns than the SRIA, opening at **3.50% guaranteed for calendar 2021 compared to 2.75%** this year in the SRIA.

The SRDA is similar in many ways to the SRIA, but iA is able to invest the fund more aggressively by adding a market value adjustment ("MVA") to SRDA withdrawals that is not applicable to SRIA withdrawals.

Both the SRIA and the SRDA are suitable investment accounts for leveraged life insurance plans because they provide guaranteed tax-free interest each calendar year at rates higher than tax deductible loan interest rates.

Westward is recommending that eligible Genesis policyholders consider transferring from the SRIA to the SRDA.



The opinions expressed in this memorandum are strictly those of Westward Advisors Ltd. This memorandum is for information purposes only and is not legal or tax advice.

HIGHER LONG TERM RETURNS

The SRDA targets a higher long term return than the SRIA by investing the underlying fund in an actively managed diversified portfolio that balances risk with greater growth potential. The SRDA applies a smoothing formula to the actual returns of the underlying fund when setting the guaranteed SRDA interest rate each calendar year.

	SRDA	SRIA
Policyholder Loans	-	45%
Bonds and Private Debt	50%	47.5%
Commercial Mortgages	10%	2.5%
Common Shares	15%	5%
Private Equity and Infrastructure	15%	-
Real Estate	10%	-
	100%	100%

MARKET VALUE ADJUSTMENT

iA declares an MVA Factor % on a weekly basis to reflect any shortfall in the market value of the underlying fund as compared to the aggregate SRDA account values in the Genesis policies. The MVA Factor % is a charge applied to the amount withdrawn from the SRDA or transferred to another investment account, but is not applicable to a death benefit or when used to pay policy insurance charges.

COLLATERAL LOANS AND LENDER PROTECTION

iA does not accept the SRDA as security for their own iA Collateral Loan Facility, but the SRDA can be used as security for collateral loans from other lenders.

To help protect lenders against an MVA, iA will waive up to 5% of any MVA when the lender has demanded loan repayment and the surrender value is insufficient to repay the loan. This lender protection is generally available until the 12th policy anniversary, after which the Tax Refund benefit should provide similar protection.

TRANSFERS FROM SRIA TO SRDA

iA is waiving the transfer charge that would otherwise apply to a transfer of funds from the SRIA to the SRDA.