Appendix A

Sample Plan Summary

Plan summary
ABC Group Scholarship Plan

Investment Fund Manager: ABC Education Savings Plans Inc.

June 30, 201X

This summary tells you some key things about investing in the plan. It may not contain all the information you want. You should read the entire prospectus carefully before you decide to invest.

If you change your mind
You have up to 60 days after signing your contract to withdraw from your plan and get back all of your money.

If you (or we) cancel your plan after 60 days, you'll get back your contributions, less sales charges and fees. You will lose the earnings on your money. Your grants will be returned to the government. **Keep in mind that you pay sales charges up front. If you cancel your plan in the first few years, you'll end up with much less than you put in.**

What is a group scholarship plan?

A group scholarship plan is designed to help you save for a child's education. The plan is registered as a Registered Education Savings Plan (RESP). That allows your savings to grow tax-free until the child named in the plan enrols in their studies. The Government of Canada and some provincial governments offer grants to help you save even more. To open an RESP, you need social insurance numbers for yourself and the child you name in the plan.

In a group scholarship plan, you are part of a group of investors. Everyone's contributions are invested together. When the plan matures, each child in the group shares in the earnings on that money. Your share of those earnings plus your grant money are paid to your child as educational assistance payments (EAPs).

There are two main exceptions. Your child will not receive EAPs, and you will lose your earnings and grants if:

- your child does not enrol in a school or program that qualifies under the plan, or
- you leave the plan before it matures

If you leave the plan, your earnings go to the remaining members of the group. However, if you stay in the plan until it matures, you may share in the earnings of those who left early.

Who is this plan for?

A group scholarship plan can be a long-term commitment. It is for investors who are fairly sure that:

- they can make all of their contributions on time
- they will stay in the plan until it matures
- their child will attend a qualifying school and program

If this doesn't describe you, you should consider another type of plan. For example, an individual or family plan has fewer restrictions. See pages ● for details.

What does the plan invest in?

The plan invests mainly in fixed income securities, such as government treasury bills, guaranteed investment certificates (GICs), mortgages and bonds. The plan's investments have some risk. Returns will vary from year to year.

How do I make contributions?

You buy one or more "units" of the plan. These units represent your share of the plan. You can pay for them all at once, or you can make annual or monthly contributions.

You can change the amount of your contribution as long as you make the minimum contribution. You can also change your contribution schedule. A fee applies.

How do the payments work?

In your child's first year of college or university, you'll get back your contributions, less fees. You can have this money paid to you or your child.

Your child will be eligible for EAPs in their second, third and fourth years. Your child must show proof they are enrolled in a qualifying school or program to get an EAP.

EAPs are taxed in the child's hands. As a student, your child may pay little or no tax on their EAPs.

What are the risks?

If you do not meet the terms of the plan, you could lose some or all of your investment. Your child may not receive all of their EAPs.

You should be aware of five things that could result in a loss:

Plans that did not reach maturity

Over the past five maturity dates, an average of ●% of the plans in the ABC Group Scholarship Plan did not reach maturity.

1. **You leave the plan before the maturity date.** People leave the plan for many reasons. For example, if their financial situation changes and they can't afford the contributions. If you or we cancel your plan more than 60 days after signing your contract, you'll lose part of your contributions to sales charges and fees. You'll also lose the earnings on your investment. Your grants will be returned to the government.

2. **You miss contributions.** If you want to stay in the plan, you'll have to make up the contributions. You'll also have to make up what the contributions would have earned if you had made them on time. This can be costly.

   If you have difficulty making contributions, you have options. You can reduce or suspend your contributions, transfer to another RESP or close your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants. If you miss a contribution and don't take any action within 24 months, we may cancel your plan.

3. **You or your child misses a deadline.** This can limit your options later on. You could also lose the earnings on your investment. The two key deadlines for this plan are:

   - **Maturity date for making changes**
     You have until the maturity date to make changes to your plan. This includes switching a child, changing the maturity date if your child wants to start their program sooner or later than expected, and transferring to another RESP. Restrictions and fees apply.

   - **August 1 for EAPs**
     If your child qualifies for an EAP, they must apply by August 1 before their second, third and fourth years of eligible studies to receive a payment for that year. Otherwise, your child may lose this money.

4. **Your child doesn't go to a qualifying school or program.** For example, apprenticeships, part-time studies and co-operative studies don't qualify under this plan. You can name another child, transfer to another RESP or close your plan. Restrictions and fees apply. Some options will result in a loss of earnings and grants.

5. **Your child doesn't complete their program.** Your child may lose some or all of their EAPs if they take time off from their studies, don't complete all required courses in a year or change programs. Your child may be able to defer an EAP for a year. Deferrals are at our discretion.

How much does it cost?

There are costs for joining and participating in the plan. The following tables show the fees and expenses of the plan.

Fees you pay
These fees are deducted from the money you put in the plan. They reduce the amount invested in your plan.

Other fees

Other fees apply if you make changes to your plan. See page ● for details.

Fee **What you pay** **What the fee is for**

- Sales charge $100 per unit
- All of your contributions go toward this fee until half of it has been paid off
- Half of each contribution goes toward this fee until it has been paid in full
- This is a commission for selling you the plan. It is paid to your sales representative and the company they work for.
- Because the fee is applied against your contributions until it's paid off, less of your money is invested in the early years of your plan.

- Processing fee $3.50 each year for a one-time contribution
- $6.50 each year for annual contributions
- $10 each year for monthly contributions
- This is for processing your contributions.
- Insurance premium 15 cents for every $10 you contribute until you turn 65
- Not charged on one-time contributions This is for insurance that makes sure your contributions continue if you die or become totally disabled.
- You are covered if you are 18 to 64 years old and make monthly or annual contributions.
- We require investors in each province and territory except Quebec to buy this insurance.

Fees the plan pays

You don't pay these fees directly. They're paid from the plan's earnings. These fees affect you because they reduce the plan's returns.

Fee **What the plan pays** **What the fee is for**

- Administrative fee 0.5% per year (plus applicable taxes) This is for operating your plan.
- Portfolio management fee 0.02 to 0.315 of 1% per year This is for managing the plan's investments.

- Custodian fee 0.015 of 1% per year for the first $300 million in assets, 0.010 of 1% on assets over $300 million This is for holding the plan's investments in trust.

Independent review committee $68,500 for 201X This is for the services of the independent review committee. The committee reviews conflict of interest matters presented by the investment fund manager.

Are there any guarantees?

We cannot tell you in advance if your child will qualify to receive any payments from the plan or how much your child will receive. We do not guarantee the amount of any payments or that the payments will cover the full cost of your child's post-secondary education.

Unlike bank accounts or GICs, investments in scholarship plans are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

For more information

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