



# Investment Companion Booklet

June 2019

## DEFINITIONS YOU NEED TO KNOW

In this booklet, we use a few terms to make it easier to talk about our investment services. Here's what those terms mean.

Unless it says otherwise in this booklet, *you* and *your* mean:

- the annuitant, in the case of a Registered Savings Account, or Registered Income Account
- the account holder, in the case of a Tax-Free Savings Account
- the subscriber or co-subscribers, in the case of a Registered Education Savings Account
- the account holder or holders, in the case of a Registered Disability Savings Account
- the owner or owners of the account, in the case of an Investment Account

Unless it says otherwise in this booklet, *we*, *our* and *us* refers to one or more members of Scotiabank, depending on the context. Scotiabank means, collectively, The Bank of Nova Scotia and all of The Bank of Nova Scotia's affiliates and subsidiaries with respect to their operations in Canada, including without limitation, The Bank of Nova Scotia Trust Company (Scotiabank Trust), Scotia Securities Inc. (SSI), and 1832 Asset Management L.P.

We've kept the language in this booklet as easy to understand as possible, but here and there you'll come across technical terms. You can refer to the glossary at the end of this booklet if you want to check the definition of any of these terms.



## GENERAL TERMS AND CONDITIONS

You agree to the terms and conditions in this booklet, including the Account Application Agreement, Investment Directions Agreement, Scotiabank Privacy Agreement and the Telephone/Facsimile/E-mail Agreement as they apply to you.

The terms and conditions and each agreement that applies to you are binding on you, your estate, your heirs, executors, administrators and your personal legal representatives.

Each agreement contained in this booklet is a separate contract. If a court rules that any part of this booklet is invalid, the remaining parts continue to be in effect and binding.

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# INTRODUCTION

## Welcome to Scotiabank®

Thank you for giving us the opportunity to help you manage your investments.

Our objective is to help you match your investment plan with your financial goals in a way that makes you feel confident in the future. Think of us as your investment coach. We can work with you as much or as little as you want, so you can design and manage your investment portfolio.

## What's in this booklet?

This booklet explains the different investment accounts we offer through our retail branch network and the basic features of each account. For detailed information, please contact your Scotiabank representative.

Once you know which account or accounts you want, you need to decide how you're going to invest your money. Later in the booklet we explain the specific investments you can combine in your account. For quick reference, you can use the table of contents to search for the investment accounts and investment options you're interested in.

Starting on page 53, you'll find the fees that apply to your account.

Starting on page 54, you'll find the disclosures and agreements that apply to your account. When you sign the application to open your account, you agree to be bound by the relevant terms and conditions, so we recommend that you spend some time reviewing them.

We'll give you a copy of this booklet when you first set up a *Scotia* Registered Savings Account (*Scotia* RSP, LRSP, LIRA and RLSP), Registered Income Account (*Scotia* RIF, LIF, LRIF, PRIF and RLIF), Registered Education Savings Plan (RESP), Tax-Free Savings Account (TFSA), Registered Disability Savings Plan (RDSP), and Investment Account. The agreements in this booklet and any updates apply to your accounts and any future accounts and transactions you have with us. If you need to obtain a new copy of this booklet, ask at any of our branches or go online to [www.scotiabank.com/regulatorydisclosures](http://www.scotiabank.com/regulatorydisclosures)

## Our commitment to you

Most important of all is the way we manage your private information, and that's where our commitment to privacy comes into effect. We've explained this in the section called Scotiabank Privacy Agreement towards the end of the booklet. We believe strongly that this commitment forms the basis of our relationship with you.

Our commitment to you is to help you find investment solutions that meet your financial goals, solutions that focus on investing early, investing regularly and staying invested. We'll only provide you with financial services you have authorized us to provide. These services are related to your *Scotia* Investment Accounts and *Scotia* Registered Accounts and to the investments you hold within these accounts.

## A note about dealers

A dealer is a company that manages the operation of your account on your behalf. We have two dealers to serve you: The Bank of Nova Scotia and Scotia Securities Inc.

If you open an account with The Bank of Nova Scotia as your dealer, you may hold cash, high interest savings, and *Scotia* GICs in your account. If you open an account with Scotia Securities Inc., you may hold cash, high interest savings, *Scotia* GICs and mutual funds.

The Bank of Nova Scotia is a Schedule I Chartered Bank that is subject to regulation under the *Bank Act* (Canada).

Scotia Securities Inc. is registered with the provincial securities commissions and territorial authorities as a mutual fund dealer to distribute mutual funds to Canadian investors.

Scotia Securities Inc. is a member of the Mutual Fund Dealers Association of Canada.

Registered sales representatives and advisors are employees of Scotia Securities Inc. They are able to advise on and sell mutual funds through Scotiabank branches. They may also advise on and sell *Scotia* GICs and high interest savings issued by The Bank of Nova Scotia, Montreal Trust Company of Canada, Scotia Mortgage Corporation and National Trust Company.

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## OPENING YOUR *SCOTIA*<sup>®</sup> INVESTMENT ACCOUNT OR *SCOTIA*<sup>®</sup> REGISTERED ACCOUNT

Perhaps you're investing for your retirement or saving for a major purchase, such as a home. Maybe you want to save for an education, or just simply increase your wealth. Whatever your objective, we have the accounts, services and investments that will help you reach your goal. This section tells you what you need to know about opening your account.

It's easy to get started. First, decide on an overall investment plan and set some realistic savings goals.

Next, determine whether you want a registered account or a non-registered investment account. Here's the difference.

With a *Scotia* Registered Account you can build the value of your investment without paying taxes on the dividends, interest and capital gains you earn, until you withdraw your money. For Tax-Free Savings Accounts (TFSA's), even your withdrawals are tax free. A registered account is ideal for longer-term goals such as retirement, saving for a loved one's education or a major purchase.

With a *Scotia* Investment Account you pay tax on your investment earnings as you go along.

Next, simply visit one of our branches or call **1-800-575-8888** (Monday to Friday, 9:00 am - 8:00 pm EST; after hours voicemail) and speak to a representative of The Bank of Nova Scotia or Scotia Securities Inc. They'll take you through the process and will be happy to help you select the kind of account and investments you need.

When you open your account, we'll automatically set up a cash portion for the account. We use that cash portion to process your transactions, including buying and selling investments such as *Scotia* GICs or mutual funds. The cash portion of your account is interest-bearing, so you can use it to accumulate funds before buying an investment.

We'll report details of all your transactions on the quarterly Personal Portfolio Statement we'll send you.

For more information about investing by phone or using the *Scotia* OnLine<sup>®</sup> Financial Services, see the section called *Accessing Your Investments Online or by Phone*. Please note that you can only open a Registered Education Savings Plan through a Scotiabank branch. Registered Disability Savings Plans must be opened through the Scotiabank Wealth Management Contact Centre at **1-877-929-4499** (Monday to Friday, 8:00 am - 7:00 pm EST; after hours voicemail).

### Confirming your identity

When you open your account, the first step we have to take is to identify you properly. That means you'll have to show us original, current identification that we can verify to confirm your identity. Here's what we need:

- If you're a new customer, one piece of personal government-issued photo identification or documents from two independent reliable sources (Dual Process). We've listed below the identification or documents you can use.

### **Government-Issued Photo Identification**

- A valid driver's licence issued in Canada, if provincial law permits us to use it for identification purposes. (Québec legislation prevents us from asking for your driver's licence. However, you may volunteer it.)
- A valid Canadian passport
- Certification of Naturalization, in the form of a paper document or card. We do not accept Commemorative certificates.
- A Canadian Citizenship card issued prior to 2012
- A Permanent Resident card
- Citizenship and Immigration Canada Form, IMM 1442 (Temporary Resident Permit, Work Permit, Study Permit, or Visitor Record)
- A provincial or territorial health insurance card containing a photo, if provincial or territorial law permits us to use it for identification purposes. (Provincial laws in Ontario, Manitoba, Nova Scotia and Yukon prevent us from collecting or recording government health insurance card numbers for identification purposes. Québec legislation does not allow us to ask for this information; however, you may volunteer it.)
- A secure certificate of Indian Status issued by the Government of Canada
- Any one of the following identification cards bearing your photograph and signature, issued by a provincial or territorial authority with the exception of Quebec:
  - British Columbia Enhanced ID
  - Alberta Photo ID Card
  - Saskatchewan Non-Driver Photo ID
  - Nova Scotia Identification Card
  - Prince Edward Island Voluntary ID
  - New Brunswick Photo ID Card
  - Newfoundland and Labrador Photo ID Card
  - Northwest Territories General ID Card
  - Nunavut General ID Card
  - Ontario Photo Card
  - Manitoba Enhanced Identification Card
  - A DND 404 Driver's Licence
  - A Canadian Forces Card
  - A Firearms Possession and Acquisition Licence
  - A valid foreign passport
  - A valid foreign driver's licence
  - A Nexus Card
  - A Canpass Card
  - A Global Entry Card

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- A National Identity Card
  - A U.S. Permanent Resident Card
  - A U.S. driver's licence

### **Dual Process Documents/Identification**

#### **Documents to verify name and date of birth**

A Canada Pension Plan (CPP) statement of contributions

An original birth certificate

A marriage certificate or government-issued proof of marriage document (long-form which includes date of birth)

Divorce documentation

A Canadian Citizenship certificate

A temporary driver's licence (non-photo)

A Canadian insurance document (home, auto, life)

#### **Documents to verify name and address**

A Canada Pension Plan (CPP) statement

A municipal property tax assessment

A provincially-issued vehicle registration

A federal, provincial, territorial or municipal benefits statement

Any one of the following CRA documents:

- A notice of assessment
- A requirements to pay notice
- An installment reminder / receipt
- A GST refund letter
- A benefits statements

A Canadian utility bill

A Canadian T4 statement

A Canadian record of employment

A Registered account statement (for example, RRSP, GIC) from a Canadian financial institution

A travel visa

#### **Documents to verify name and confirm a financial account**

A credit card statement

A bank statement

A loan account statement

An email or letter from a financial entity holding a deposit account, credit card or loan account



We'll record the particulars of your identification documents. We reserve the right to verify with the issuer any identification you present.

If the pieces of identification you present have different names on them, you'll have to provide a certificate proving you legally changed your name. We'll also accept a certified copy of that certificate, or another document proving the change.

If the identification you have is not listed above, we may accept it anyway – just ask us.

## Collecting and recording your information

We'll only ask you for the information we need. For details, see the Scotiabank Privacy Agreement included in this booklet.

In addition to confirming your identity, we must also collect certain information about you such as your full name, date of birth, home address and occupation or type of business. If you're opening a *Scotia* Registered Account or opening a *Scotia* Investment Account, the Canada Revenue Agency (CRA) requires us to collect your Social Insurance Number.

We also have to ask you some additional questions to comply with government regulations. This includes questions about the beneficial owners of the account, any intermediaries and any other interested parties. We'll want to know the purpose and intended nature of each of these relationships. When appropriate, we will record the type, volume and frequency of expected trading on the account and we will ask about the source of incoming funds or assets.

We'll also determine whether a third party will use or benefit from your account. If so, you'll have to identify that party and explain your relationship to them.

## Verifying your information

We'll take reasonable and appropriate steps to verify your key information with reliable independent sources. We will not do business with any person or group that insists on being anonymous or that provides false, inconsistent or conflicting information that cannot be resolved after a reasonable inquiry.

## Monitoring and updating your information

As you'll see in the Scotiabank Privacy Agreement later in this booklet, we may monitor your account to meet our legal and regulatory obligations. We'll keep your information as accurate, complete and up-to-date as necessary to meet the purpose for which it was collected. When we notice changes in your financial behaviour, we'll take steps to find out why.

If any of your personal information changes or becomes inaccurate, you must advise us so we can update our records.

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## YOU'RE PROTECTED

The Bank of Nova Scotia and other companies that issue *Scotia* GICs are member institutions of the Canada Deposit Insurance Corporation (CDIC). CDIC insures your eligible deposits with its members, up to maximum coverage and other limitations. For more information, refer to page 55 or the CDIC brochure *Protecting Your Deposits*. It's available at your local Scotiabank branch. You can call CDIC at **1-800-461-2342** or visit the CDIC website at **[www.cdic.ca](http://www.cdic.ca)**.

If your dealer is The Bank of Nova Scotia, any Canadian currency you hold as cash in your account is also protected by CDIC, subject to maximum coverage and other limitations. If Scotia Securities Inc. is your dealer, Canadian currency held as cash is not insured by the CDIC. However, Canadian currency GICs or high interest savings held in a Scotia Securities Inc. account are issued by member institutions of the CDIC, and may be insured as eligible deposits, subject to maximum coverage and other limitations.

You can get a list of all CDIC eligible Scotiabank deposits at your branch or from the Scotiabank website at **[www.scotiabank.com/cdic](http://www.scotiabank.com/cdic)**.

If a mutual fund dealer becomes insolvent, the Mutual Fund Dealers Association of Canada's (MFDA) Investor Protection Corporation provides coverage up to \$1 million per customer account to protect against the loss of securities, cash and other property held by an MFDA Member. Scotia Securities Inc. is a member of the MFDA.

This coverage does not extend to customers with mutual fund dealer accounts held in Québec. The Fonds d'indemnisation des services financiers (FISF) may protect customers in Québec in an amount of up to \$200,000 in the event of fraud, fraudulent tactics or embezzlement related to products offered or sold by a mutual fund dealer.

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## TYPES OF ACCOUNTS FOR YOUR INVESTMENTS

We offer two general types of accounts: Registered and Investment Accounts. This section contains the information you need to know about both types.

There are five groups of Registered Accounts: savings, tax-free savings, education, disability and income. We explain each of them in detail below.

You'll find details about Investment Accounts beginning on page 39.

### **SCOTIA REGISTERED ACCOUNTS**

#### **Scotia Registered Savings Accounts – Scotia RSP, LRSP, LIRA and RLSP**

##### **What is a Scotia Registered Savings Account?**

We offer several kinds of registered savings accounts, including: the Registered Retirement Savings Plan (RRSP), Locked-in Retirement Savings Plan (LRSP), Locked-in Retirement Account (LIRA) and Restricted Locked-in Savings Plan (RLSP).

Registered Retirement Savings Plans (RRSPs) help you save for retirement. While there are several kinds, they all have the same important feature: you don't have to pay income tax on the capital gains or interest you earn from your investments while they're in the plan. You only pay taxes on the money you take out; the rest can continue to build tax-deferred. When you withdraw your money, you pay the same tax rate, whether you earned it from dividends or capital gains.

RRSPs allow you to make tax-deductible contributions each year, either in a lump sum or through regular preauthorized contributions. For more information, refer to *Setting Up Pre-Authorized Contributions* on page 49. The maximum you can contribute each year is set by the Government of Canada and depends on your income. If you don't make your full contribution in any year, the unused portion is carried forward and you can use it in any future year until December 31 of the year you turn 71.

Contributions to an RRSP are usually in the form of cash, but you can also make "in-kind" contributions under certain conditions. This allows you to move investments from another account into your RRSP without selling the investment.

Best of all, you can deduct all eligible contributions from your earned income for the current tax year or use that deduction in a future tax year.

Locked-in savings accounts (LRSP, LIRA and RLSP) are similar to RRSPs except the source of funds is a Registered Pension Plan (RPP) or another locked-in account. You cannot make regular contributions to these accounts.

##### **Funding your Scotia RSP, LRSP, LIRA or RLSP**

Different plans can accept funds from different sources. You can deposit funds as contributions to the plan, or transfer them directly from another RRSP or a Registered Retirement Income Fund. Different conditions apply. Please see your Scotiabank representative for more details.

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## Spousal RRSP

A Spousal RRSP is the same as a regular RRSP, except that one's spouse (which includes a common-law partner) makes contributions to the plan owned by the other spouse. The contributing spouse gets the tax break on the contributions and the receiving spouse generally pays the tax on the withdrawals.

That gives advantages to both parties. If the contributing spouse earns more, he or she will likely be in a higher tax bracket and as a result will likely earn a larger tax refund. It also helps reduce taxes on withdrawals.

It's important to note, however, that in some cases, the withdrawal may be attributed back to the contributing spouse.

### About spousal rights and beneficiaries

You can name any beneficiary you want for your *Scotia* RSP by completing the beneficiary section of the application. Unless you have designated your spouse as your beneficiary, your spouse does not have an automatic right to your RRSP even if he or she contributed to the account.

You can change your beneficiary at any time. After your death, your current beneficiary will receive the proceeds of your *Scotia* RSP. As an account holder, if you become a non-resident, you lose the option of changing or adding a beneficiary with Scotiabank.

Your spouse generally **does** have an automatic interest in your *Scotia* LIRA, LRSP or RLSP. He or she is the beneficiary on your death, unless your spouse signs a form giving up this right or he or she ceases to be your spouse.

Your spouse may give up his or her rights if the pension law governing the plan allows it. Even if a spouse signs away his or her rights, this may not be accepted in some jurisdictions.

When you open a LIRA, LRSP and RLSP, you should complete the beneficiary section only if you do not have a spouse or if your spouse has given up his or her rights.

In Québec, you can only designate a beneficiary through a Will.

### Issuing contribution receipts for your RRSP

For each calendar year, we'll issue receipts for contributions you made to your *Scotia* RSP, as well as for any contributions you make during the first 60 days of the next calendar year.

We will also issue contribution receipts for the following:

- eligible transfers under section 60(j.1) of the *Income Tax Act* (Canada) (e.g. retiring allowance/severance payment)
- transfers under section 60(1) (e.g. refund of premiums and designated benefit)
- transfers under section 60(1)(v) (e.g. T2030 Transfer)
- transfers under section 60(j) (e.g. superannuation benefit/pension transfer)

### Withdrawing funds from your *Scotia* RSP, LRSP, LIRA, RLSP or QROPS RRSP

You can make withdrawals from your *Scotia* RSP and, in most cases, this money is taxable in the year you withdraw it. For individuals who qualify, the *Income Tax Act* (Canada) allows you to defer tax payments on withdrawals made under the Federal Home Buyers Plan and the Life Long Learning Plan.

Generally, withdrawals (as opposed to transfers) are not allowed from *Scotia* LRSPs, LIRAs or RLSPs. However, depending on the jurisdiction, you may be allowed to make either a full withdrawal or a series of withdrawals under special circumstances. These circumstances may include shortened life expectancy, plans with small balances, and financial hardship, among others. You must provide detailed documentation along with your withdrawal request.

If your *Scotia* RSP received funds as a Qualifying Recognised Overseas Pension Scheme (QROPS) from the United Kingdom, there are special rules. We will report to Her Majesty's Revenue and Customs (U.K.) any actual or deemed withdrawals or transfers made:

- within 10 years of the initial transfer date; or
- when you're a UK resident for tax purposes at that time or have been a UK tax resident within the preceding five UK tax years.

### Withholding tax on your *Scotia* RSP, LRSP, LIRA or RLSP

If you're a resident of Canada, we withhold income tax on any withdrawals you make at the following rates:

TAXABLE WITHDRAWAL AMOUNT	WITHHOLDING TAX RATE <sup>†</sup>	
	CANADA (EXCEPT QUÉBEC)	QUÉBEC (PROVINCIAL AND FEDERAL)*
Up to \$5,000	10%	20%
\$5,000.01 - \$15,000	20%	25%
More than \$15,000	30%	30%

<sup>†</sup> The rates are current as of February 2018. The relevant tax authority may change them at any time.

\* For Québec, we have shown the combined provincial and federal withholding tax rate.

## Scotia Tax-Free Savings Accounts – Scotia TFSA

### What is a Scotia Tax-Free Savings Account?

A *Scotia* Tax-Free Savings Account (TFSA) is a great way to save for both long and short-term goals. Once your account is set up and registered with the Canada Revenue Agency, any interest income and capital gains you earn in the account build up tax-free. Although your contributions to a *Scotia* TFSA are not tax deductible you don't pay any income tax on the money you withdraw from your account.

Unlike an RRSP, with a TFSA the amount you can contribute does not depend on how much you earn. All Canadian residents who have a valid Social Insurance Number can contribute up to the annual maximum set by the Canada Revenue Agency. To open an account you must be at least 18 years of age and have reached the age of majority in the province where you set up the account.

Contributions to a TFSA are usually in the form of cash, either lump sum amounts or pre-authorized contributions. For more information see *Setting Up Pre-Authorized Contributions* on page 49.

You can also deposit your existing GICs, high interest savings and mutual funds into your TFSA under certain conditions. You can move these "in-kind" contributions from another account into your TFSA without selling the investment.

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## Ownership of your *Scotia* TFSA

Your *Scotia* Tax-Free Savings Account can only be held in your name.

## Funding your *Scotia* TFSA

You can fund your *Scotia* TFSA either by making new contributions or transferring funds from an existing *Scotia* TFSA. All you have to do is complete the required form(s).

You can transfer funds from a TFSA held at another Scotiabank wealth partner or from another financial institution. All you have to do is complete a Transfer Authorization for Registered Investments (TARI) and the required form.

We will only transfer proceeds of Scotiabank term investments, such as *Scotia* GICs, to another financial institution once they mature.

## How much TFSA contribution room do I get?

The Canada Revenue Agency determines how much contribution room you get. CRA reports this amount to individuals through the “My Account” function on the CRA web site: [www.cra.gc.ca/myaccount](http://www.cra.gc.ca/myaccount). Please check your contribution room carefully. This figure is composed of three parts:

- an annual TFSA dollar limit currently set at \$5,500 per year\*, plus
- any unused TFSA contribution room from the previous years, plus
- any withdrawals made from your TFSA in previous years, not including qualifying transfers.

\*Amount for 2018.

If at any time you become a non-resident as defined in the *Income Tax Act* (Canada), you will not accumulate TFSA contribution room for any year during which you became and continue to be a non-resident of Canada.

## Spousal contributions to a TFSA

You can add your own funds to your spouse’s TFSA without affecting your individual contribution room. Even though you contribute to your spouse’s TFSA the account remains his or her sole property and is not subject to income attribution rules.

## About spousal rights and beneficiaries

In all provinces except Québec you can name any beneficiary you want for your *Scotia* TFSA by completing the beneficiary section of the application. You can change your beneficiary at any time after that. After your death, your current beneficiary will receive the proceeds of your *Scotia* TFSA. Your spouse does not have an automatic right to your *Scotia* TFSA, even if he or she contributed to the account.

You can choose to have your spouse become the owner of the account on your death by naming them your “successor holder.” This means that on your death, the account will pass “as is” into your spouse’s name without any impact to his or her contribution limit. All the investments and payment instructions on the account will stay the same until your spouse changes them. If you designate a successor holder, you cannot designate a beneficiary to receive the funds at the same time.

To change the beneficiary or successor holder, just visit your branch. Your Scotiabank representative will help you complete the necessary documents.

In Québec, you can only designate a successor holder or beneficiary through a Will.

### **Tax receipts and your *Scotia* TFSA**

We do not issue tax receipts for contributions or withdrawals you make from your *Scotia* TFSA.

### **Withdrawing funds from your *Scotia* TFSA**

You can make withdrawals from your *Scotia* TFSA, subject to certain restrictions. For example, you cannot redeem Non-Redeemable GICs. When you withdraw money from a TFSA in one year, that amount will be added to your contribution room at the start of the following year.

### **Withholding tax on your *Scotia* TFSA**

There are no withholding taxes on withdrawals from your *Scotia* TFSA.

### **Over-contributing to your TFSA**

If you make an over-contribution, the Canada Revenue Agency may impose taxes and interest for each month you are in an over-contribution position. Please contact your tax advisor or the Canada Revenue Agency for further information.

### **Unregistered *Scotia* Tax-Free Savings Accounts**

If the information you provide us does not agree with the information at the Canada Revenue Agency, we may not be able to register your TFSA. If your TFSA remains unregistered for more than one year, we reserve the right to transfer the funds to an Investment Account and issue a tax receipt to you at any time for any investment gains within your account.

## ***Scotia* Registered Education Savings Plans – *Scotia* RESP**

### **What is a *Scotia* Registered Education Savings Plan?**

A *Scotia* Registered Education Savings Plan (RESP) is a tax-sheltered investment plan designed to help you save for a child's post-secondary education.

Each beneficiary has an aggregate lifetime maximum RESP contribution limit of \$50,000. We describe the details regarding Family Plans and Individual Plans below. Please keep in mind that the information regarding contributions, grants and bond, especially limits, generally, apply to all of the RESPs of a beneficiary in the aggregate.

### **Subscribing to a *Scotia* RESP**

The person who establishes an RESP and makes the contributions is called a "subscriber." Anyone who wants to save for a child's post-secondary education can be a subscriber: parents, grandparents, aunts and uncles, siblings, other family members, friends or anyone else (depending on the plan type).

Only spouses or common-law partners as defined in the *Income Tax Act* (Canada) can be co-subscribers.

When we open your RESP, we have to collect the Social Insurance Numbers of all subscribers and the person who will receive the funds so that we can register the account with the Canada Revenue Agency.

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## Naming the beneficiary of your *Scotia* RESP

A beneficiary is the person you name to receive the funds from your RESP. With a *Scotia* RESP, you may change an existing beneficiary by designating another eligible beneficiary under certain circumstances.

Once you name a beneficiary, we'll send a notification letter to the custodial parent or primary caregiver within 90 days if the beneficiary is under 19. If the beneficiary is 19 or older, we'll send the notification letter directly to them within 90 days. The letter will include the name and address of any subscribers and the opening date of the RESP.

## Signing authorities and survivorship

If you open an RESP account with a co-subscriber, both of you must sign the account opening documents. Once the account is opened, either subscriber can sign to authorize account activity. Or you can also ask us to require two signatures if you wish.

If your marriage or common-law partnership with your co-subscriber breaks down, both of you will remain on the account until one of the following happens:

- one of you transfers out the assets (this requires both signatures), or
- we receive written notification that there is a marriage breakdown, with instructions on how to deal with the assets. Examples of a written notification are a decree, order or judgment of a competent court or tribunal, or a written separation agreement.

If one of the co-subscribers dies, the surviving spouse will continue to be the subscriber of the plan.

## Two types of *Scotia* RESPs

We offer two types of RESPs – a Family Plan and an Individual Plan.

### Family Plan

With a Family Plan, you can name more than one beneficiary. All the beneficiaries must be connected to the subscriber or subscribers by blood relationship or adoption, as defined by the *Income Tax Act* (Canada).

Under the *Income Tax Act*(Canada), your blood relations are your children and other descendants (such as a grandchild or a great grandchild) and your brothers or sisters. Nieces, nephews, aunts, uncles or cousins are not considered to be related to you by blood.

You may not designate a beneficiary who is 21 years of age or older, except in certain circumstances. However, you can make contributions until the beneficiary reaches 31 years of age or up to December 31 of the 31st year after opening the plan. Other conditions may apply.

You must close the Family Plan no later than December 31 of the 35th year after you open it. Please see the Plan Termination Years table below.

### Individual Plan

With an Individual Plan you have only one beneficiary. You can name anyone as the beneficiary. There are no relationship or age restrictions.

You may make contributions up to December 31 of the 31st year after opening the plan, regardless of the beneficiary's age. Other conditions may apply.

You must close the Individual Plan no later than December 31 of the 35th year after you open it. Please see the Plan Termination Years table in the *Account Application Agreement*.



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## Funding your *Scotia* RESP

You can contribute to your *Scotia* RESP either by lump sum contributions or pre-authorized contributions. You can make contributions right up until the last day of the 31st year after you open the plan or, if it's a Family Plan, until the beneficiary in respect of whom the contribution is made reaches 31 years of age, whichever comes first. And you can keep the plan open until the last day of the 35th year after you open it.

For more information, see *Setting up Pre-Authorized Contributions*. You can also transfer funds to a *Scotia* RESP from another RESP, provided it is an eligible transfer.

Contributions cannot be made for a beneficiary who is a non-resident, as defined in the *Income Tax Act* (Canada). It is your responsibility to inform us if the beneficiary becomes a non-resident of Canada.

## Canada Education Savings Grant

The Government of Canada helps you save for a child's education by topping up your contribution with a grant called the Canada Education Savings Grant (CESG). There are two kinds of CESG: Basic and Additional.

The Basic CESG is equal to 20% on the first eligible \$2,500 you contribute to your RESP for the year. Both Individual and Family Plans are eligible to receive the Basic CESG.

The Additional CESG is available on the first eligible \$500 you contribute to an RESP annually. The government determines who is eligible for Additional CESG, based on the beneficiary's primary caregiver's net family income as follows:

- 20% on the first \$500 if annual net family income is \$47,630 or less\*
- 10% on the first \$500 if annual net family income is more than \$47,630\* but no more than \$95,259\*

(\* Amounts for 2019. The Government of Canada updates these amounts every year.)

This means that an eligible beneficiary can receive a maximum Basic CESG of \$500 a year (\$2,500 x 20%) and Additional CESG of either \$50 (\$500 x 10%) or \$100 a year (\$500 X 20%).

The maximum lifetime Basic and Additional CESG for a particular beneficiary is \$7,200, no matter how many RESPs are opened. Basic and Additional CESGs do not count toward the lifetime RESP contribution limit for a beneficiary.

We will apply to the CESG Program on your behalf each time you contribute to your *Scotia* RESP.

## Grant and bond payments

We'll accept any grant and bond payments into your *Scotia* RESP and invest the money according to your investment instructions.

If the application for a government grant is rejected, we'll notify subscribers through a message on their quarterly account statement.

Contributions over \$2,500 in one year will not affect the calculation of the Basic CESG and Additional CESG for the next year. That aside, you should feel free to make contributions over \$2,500 in any given year if you have carried forward enough grant room from previous years. Contributions over \$5,000 will not receive Basic or Additional CESG even if there is grant room from previous years remaining.

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You should take care not to reach the maximum lifetime contribution of \$50,000 before receiving the maximum lifetime Basic and Additional CESG of \$7,200. Additional CESG may not be carried forward to future years.

### Eligibility

There are three requirements to qualify for the CESG:

- the beneficiary must be a Canadian resident, and
- the beneficiary must have a valid Social Insurance Number, and
- the RESP contribution must be received no later than December 31 of the year in which the beneficiary turns 17 years of age.

In addition, if the beneficiary is 16 or 17, the subscriber must have, in respect of the beneficiary:

- contributed and not withdrawn at least \$2,000 to the RESP by December 31 of the year in which the beneficiary turned 15; or
- contributed and not withdrawn at least \$100 a year to the RESP in any four years before December 31 of the year in which the beneficiary turned 15.

To be eligible for Additional CESG payments the plan must be either an Individual Plan, or a Family Plan in which all the beneficiaries are siblings.

### Transferring the CESG

If you transfer an RESP to another RESP, you can only include the Additional CESG portion if the receiving plan:

- is an Individual Plan for the same beneficiary; or
- is an Individual Plan for the sibling of the beneficiary in the transferring plan and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was opened; or
- is a Family Plan opened only for the same beneficiary and/or the beneficiary's siblings.

If the other RESP is a Family Plan which is not siblings only, you can still transfer the Basic CESG portion, provided the RESP you're transferring has not received any Additional CESG. The other RESP must offer Basic CESG and, if Additional CESG is in the transferring plan, it must, generally, offer Additional CESG, otherwise the Government of Canada requires all the Basic and Additional Grant to be returned.

### Timelines to apply for Basic CESG

Starting January 1, 1998, all children who were Canadian residents began to accumulate Basic CESG grant room at a rate of \$400 per year. Beginning in 2007, the grant room increased to \$500 a year. For children born in 2007 or later, grant room of \$500 a year begins to accumulate in the year of their birth. Basic CESG room can be carried forward up to December 31 of the year the beneficiary turns 17, subject to eligibility.

### Using the CESG

The beneficiary can use the CESG and any income it generates towards the beneficiary's education at the post-secondary level while enrolled in a qualifying or specified program at post-secondary educational institution.

If the CESG isn't used to help pay for the education of the beneficiary or a sibling of the beneficiary, you must repay it to the Government of Canada. For rules about earnings or

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income generated by the grants, see the section entitled *Accumulated Income Payment (AIP)* on page 23.

### Residency requirements

If the beneficiary becomes a non-resident as defined in the *Income Tax Act* (Canada), any Basic and Additional CESG received by the RESP while the beneficiary was a resident can remain. The beneficiary is not eligible for either the Basic or Additional CESG while he or she is a non-resident and will not accumulate eligibility for grants.

If the beneficiary returns to Canada as a resident and meets all other requirements, the RESP will once again be eligible for Basic and Additional CESG. The accumulation of Basic CESG grant room will resume.

### Canada Learning Bond (CLB)

#### Eligibility

Some children born on or after January 1, 2004 may be eligible to receive a Canada Learning Bond (CLB) to help with their post-secondary education.

The initial CLB is \$500 paid directly to the child's RESP. The child may also qualify for up to 15 annual CLB installments of \$100 each until the age of 15. The maximum CLB amount for one child is \$2,000. The CLB is not included in calculating a beneficiary's lifetime RESP contribution limit.

To be considered for CLB, a child must be in the care of a primary caregiver who

- since July 1, 2017, is eligible based, in part, on the number of qualified children and the primary care giver's adjusted income used to determine the Canada child benefit (CCB),
- from July 1, 2016, to June 30, 2017, would have otherwise been in receipt of the National Child Benefit Supplement (NCBS) for the child, had it continued to be paid for that period, or
- for years prior to July 1, 2016, was in receipt of the NCBS for the child, or
- is a public agency or department and a Children's Special Allowance is received by the public agency or department for the child.

In addition, the child must:

- be born on or after January 1, 2004
- be a Canadian resident, and
- have a valid Social Insurance Number.

To be eligible for CLB payments, an RESP plan must be either an Individual Plan or a Family Plan in which all beneficiaries are siblings. Other beneficiaries of the Family Plan cannot share the CLB, but the CLB earnings can be shared.

The Government of Canada determines eligibility and may pay CLB installments each year the beneficiary qualifies for the CLB.

#### Transferring the CLB

CLB transfers are beneficiary-specific so CLBs can only be transferred to another RESP if the receiving plan, in addition to offering CLB:

- is an Individual Plan for the same beneficiary; or
- is a Family Plan opened only for the same beneficiary and the beneficiary's siblings.

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## Timelines to apply for CLB

CLB accumulates for each year the child is eligible, regardless of whether you've opened an RESP naming the child as a beneficiary. Once the RESP is open we'll make a request and all accumulated CLB can be paid to the eligible beneficiary.

A child must be under 21 years of age at the time we request the CLB. There is a 10 year limit for requests for retroactive payment of the CCB, or the NCBS. For any year in which the beneficiary was not eligible to receive the NCBS or the CCB due to the 10 year limit, the beneficiary will not be eligible for the CLB.

You can find out more about the Canada Learning Bond on our website [www.scotiabank.com/resp](http://www.scotiabank.com/resp).

## Residency requirements

If the beneficiary is a Canadian resident and later becomes a non-resident as defined in the *Income Tax Act* (Canada), any CLB received by the RESP while the beneficiary was a resident can remain.

The beneficiary is not eligible for CLB grants while he or she is a non-resident and will not accumulate any CLB grant room. If the beneficiary returns to Canada as a resident and meets all other requirements, he or she may be entitled to collect CLB again. The CRA determines eligibility.

## Using the Canada Learning Bond

The beneficiary can receive payments from the CLB and any income it generates while he or she is enrolled at an eligible post-secondary institution.

If the CLB isn't used to help pay for the education of the beneficiary named in the RESP, you must repay it to the Government of Canada.

## British Columbia Training and Education Savings Grant (BCTESG)

In August 2015 the province of British Columbia introduced its incentive program. The BCTESG is a one-time \$1,200 grant available to an eligible beneficiary born on or after January 1, 2006.

Generally, the subscriber may apply for the BCTESG once the eligible beneficiary turns 6 years of age, and no later than the day before the eligible beneficiary turns 9 years of age. Please see *Timelines to apply for BCTESG* below for further details.

In order to be eligible the custodial parent or a legal guardian of the beneficiary, and the beneficiary must be ordinarily resident in British Columbia at the time of the application. No contribution is necessary to the RESP for the BCTESG to be paid. The RESP must be either an Individual Plan, or a Family Plan in which all the beneficiaries are siblings.

The maximum amount of BCTESG that may be paid to a beneficiary is \$1,200 no matter how many RESPs are opened. However, there is no limit to the amount of BCTESG that can be used by any one beneficiary if the Family RESP has received BCTESG for different beneficiaries.

## Transferring BCTESG

BCTESG can only be transferred to another RESP if the receiving plan, in addition to being able to offer BCTESG:

- is an Individual Plan for the same beneficiary; or
- is an Individual Plan for the sibling of the beneficiary in the transferring plan and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was opened; or
- is a Family Plan opened only for the same beneficiary and/or the beneficiary's siblings.

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### Timelines to apply for BCTESG

Subscribers can apply as soon as the beneficiary turns 6 years of age and no later than the day before the beneficiary turns 9 years of age. While that is the general rule, eligible beneficiaries born in 2007, 2008, and 2009 have an extension until **August 14, 2018, or the day before their 9th birthday, whichever is later**. Eligible beneficiaries born in 2006 have an extension until August 14, 2019.

The subscriber has to complete the BCTESG application form and provide it to us before we can apply on the subscriber's behalf.

### Québec Education Savings Incentive (QESI)

The province of Québec has its own incentive program to help you save for a child's post-secondary education. It's called the Québec Education Savings Incentive (QESI).

To qualify for QESI:

- the RESP contribution must be received no later than December 31 of the year in which the beneficiary turns 17 years of age
- the beneficiary must have a valid Social Insurance Number
- the beneficiary must be resident in Québec on December 31 of the taxation year, and
- the beneficiary must be the designated beneficiary of the RESP involved.
- in addition, if the beneficiary is 16 or 17 years of age at the end of the year, the person must be an eligible beneficiary for the year.

A subscriber cannot apply for the QESI. We will apply to Revenu Québec for you.

The Basic QESI grant is equal to 10% of the net contributions to your RESP over the course of a year, up to a maximum of \$250.

In addition, as of 2008, you can claim any grants you were eligible for in previous years but didn't collect, up to a maximum of \$250 per year.

### Increased amount

Some children qualify for Increased QESI grants, depending on net family income. The Government of Québec determines eligibility. The increased grants are:

- 10% on the first \$500 contributed to an RESP if annual net family income is \$43,055 or less\*
- 5% on the first \$500 if annual net family income is more than 43,055, but not more than 86,105\*

(\* Rates for 2018. The Government of Québec updates dollar amounts periodically).

The maximum QESI grant is \$3,600 per beneficiary no matter how many RESPs name the child as beneficiary.

### Saskatchewan Advantage Grant for Education Savings (SAGES)

**Note: SAGES will be temporarily suspended as of January 1, 2018, by the Government of Saskatchewan. Contributions made during the suspension will not be eligible for SAGES.**

Contact your Scotiabank branch for details.

The province of Saskatchewan introduced its incentive program in January 2013. SAGES is equal to 10% of the first eligible \$2,500 you contribute to your RESP for an eligible year. That means an eligible beneficiary can receive a maximum SAGES of \$250 per year.

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To qualify for SAGES the beneficiary must:

- be a resident of Saskatchewan at the time the RESP contribution is made
- have a valid Social Insurance Number, and
- the RESP contribution must be received no later than December 31 of the year in which the beneficiary turns 17 years of age.

If the beneficiary is 16 or 17, the beneficiary must meet one of the two conditions for contributions set out in the Eligibility section for CESG in this booklet.

Only those contributions that are made to a RESP on or after January 1, 2013, are eligible for SAGES. To be eligible for SAGES, the plan must be either an Individual Plan, or a Family Plan in which all the beneficiaries are siblings.

The maximum lifetime SAGES deposited for a particular beneficiary is \$4,500, no matter how many RESPs are opened. However, there is no maximum limit on the SAGES that a beneficiary can withdraw as part of his or her Educational Assistance Payments – refer to *Withdrawals for educational purposes – Educational Assistance Payments* on page 21 for further details. SAGES does not count towards the lifetime RESP contribution limit for a beneficiary.

SAGES grant room can accumulate even when a beneficiary is not a resident of Saskatchewan. If a beneficiary has unused grant room, the maximum annual SAGES amount that can be paid into the beneficiary's RESPs is limited to \$500 per eligible year, so contributions in excess of \$5,000 in a year will not receive SAGES.

Subscribers are responsible for immediately informing us about changes to a beneficiary's Saskatchewan residency status.

### **Transferring SAGES**

SAGES can only be transferred to another RESP if the receiving plan, in addition to being able to offer SAGES, :

- is an Individual Plan for the same beneficiary; or
- is an Individual Plan for the sibling of the beneficiary in the transferring plan and the beneficiary of the receiving plan was under 21 years of age when the receiving plan was opened; or
- is a Family Plan opened only for the same beneficiary and/or the beneficiary's siblings.

### **Timelines to apply for SAGES**

The subscriber has to complete the SAGES application form and provide it to us before we can request SAGES. Subscribers should apply as soon as possible as any contributions made in 2013 or afterwards, but before the application is received, have to be submitted by us to ESDC within 3 years of the contribution date.

### **Withdrawals from your RESP**

At some point you'll want to start withdrawing money from your plan. The Government of Canada allows three types of withdrawals:

- withdrawals for educational purposes
- post-secondary education contribution withdrawals, and
- withdrawals for non-educational purposes.

We'll explain each of these types of withdrawals below. But first, it helps to understand that the assets in an RESP can be made up of three components:

- contributions
- government grants. These include the Basic and Additional Canada Education Savings Grants (CESG), the Basic and Increased Québec Education Savings Incentive (QESI), Saskatchewan Advantage Grant for Education Savings (SAGES), British Columbia Training and Education Savings Grant (BCTESG) and Canada Learning Bond (CLB)
- earnings on all contributions and government grants.

As you'll see below, each component is treated differently when you make a withdrawal. For more information, refer to *Issuing Tax Slips for Your Investments* on page 49.

### **Withdrawals for educational purposes – Educational Assistance Payments**

An Educational Assistance Payment (EAP) comes from an RESP to help pay for the beneficiary's post-secondary schooling. We can pay it either directly to the beneficiary or to someone else you choose on the beneficiary's behalf.

An EAP is composed of two parts:

- government grants, and
- earnings on all contributions and government grants.

As a subscriber, you can tell us how much you want paid out and when you want us to pay it, provided you follow the rules described below.

The beneficiary must be enrolled in a qualifying educational program at a post-secondary educational institution or a specified educational program at a post-secondary educational institution as defined in the *Income Tax Act* (Canada). A qualifying educational program is a program at a post-secondary school level, which is 3 or more weeks in duration and which requires the student to spend 10 or more hours per week on courses or work (i.e. practical training). This is typically 'full-time' study. For a non-Canadian university to qualify as a post-secondary educational institution, the university must offer courses at a post-secondary school level and the beneficiary must be enrolled on a full-time basis in a course of at least three consecutive weeks. If you opened the RESP after 1998, the student can receive up to \$5,000 during the first 13 weeks of the program.

If there is a 12-month period in which the student is not enrolled in a qualifying education program for at least 13 consecutive weeks, the \$5,000 maximum applies when the student enrolls again.

A specified educational program is a program at a post-secondary school level, which is 3 or more weeks in duration, and which requires the student to spend 12 or more hours on courses per month. This is typically 'part-time' study. If a student is 16 or older and enrolled in a specified educational program at a post-secondary educational institution, he or she can receive a maximum of \$2,500 during the first 13 weeks of the course and any subsequent 13 week period.

Employment and Social Development Canada (ESDC) may approve an educational assistance payment above the \$5,000 or \$2,500 limit, if tuition plus related expenses are substantially higher than the average. They decide this on a case-by-case basis.

The beneficiary is responsible for taxes on Educational Assistance Payments. In most cases, the student's income level and tax credits will mean that he or she will pay little, if any, income tax on these payments.

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In a Family Plan, you can allocate the RESP earnings among the beneficiaries any way you like. If one beneficiary does not pursue post-secondary education, you can allocate all of the earnings among the beneficiaries who do. For example, if you named three children as beneficiaries under a Family Plan and only two of them went on to post-secondary education, then you could direct us to make payments only to the two children pursuing a higher education.

A Family Plan lets you allocate the Basic CESG to the beneficiaries in any manner, to the lifetime maximum of \$7,200 per beneficiary, as well as any QESI that is received, to the lifetime maximum of \$3,600 per beneficiary. You can also allocate the Additional CESG and the Increased QESI, SAGES and BCTESG grants among beneficiaries any way you want, but only among siblings. There is a combined maximum grant of \$7,200 per person for Basic and Additional CESG and a maximum of \$3,600 for Basic and Increased QESI. Any unused amounts over these maximums must be returned to government that provided the grant. There is no maximum payout limit for SAGES and BCTESG. Every beneficiary named in a Family Plan has access to the full SAGES and BCTESG amount in the plan, meaning that they can access SAGES and BCTESG deposited for another beneficiary. As a result, a beneficiary could receive, as part of his or her EAPs, more than the beneficiary's lifetime maximum of \$4,500 of SAGES and lifetime maximum of \$1,200 of BCTESG. Please note that the Canada Learning Bond cannot be shared with siblings.

Proof of enrolment must be provided for each school year that the EAP is requested. The registrar (or equivalent) of the institution will be able to provide the beneficiary with their standard RESP proof or verification of enrolment document.

### **Post-Secondary Education (PSE) contribution withdrawals**

A Post-Secondary Education contribution withdrawal is composed of just contributions made to an RESP. It is meant to supplement Educational Assistance Payments. PSE contributions withdrawals can be made without adverse tax implications or without impacting CESG, CLB, QESI, SAGES or BCTESG.

Before you make a PSE withdrawal, the beneficiary must qualify for an Educational Assistance Payment (see preceding section).

### **Withdrawals for non-educational purposes – Contribution withdrawal**

You can withdraw contributions to your RESP at any time, tax free. However, any income earned by those contributions is taxable. (See *Accumulated Income Payment* below).

If the RESP received any Federal or Provincial grants and the beneficiary is not eligible to receive an Educational Assistance Payment or a Post-Secondary Education contribution withdrawal, you will have to repay some or the entire grant to the Federal or Provincial Government as applicable. If your withdrawal was as a result of an undue hardship you may qualify for a waiver of SAGES repayment from the Government of Saskatchewan.

### **Withdrawals for non-educational purposes – Over-contribution withdrawal**

If the total contributions to all of a beneficiary's RESPs is more than the permitted lifetime limit, it's an over-contribution. Over-contributions are determined by the Government of Canada at the end of each month and continue until the excess money is withdrawn.

Each subscriber for the beneficiary faces a 1% per month penalty tax on his or her share of the over-contribution. They have to pay the penalty within 90 days of the end of the year in which the over-contribution happened. The Canada Revenue Agency will notify you of any over-contributions to your RESP.



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### Withdrawals for non-educational purposes – Accumulated Income Payment (AIP)

An Accumulated Income Payment (AIP) is generally a payment made to the subscriber. This most commonly happens if the beneficiary decides not to pursue a post-secondary education. The AIP is comprised of earnings on all contributions, grants and bond deposited to an RESP. You can receive the payment one of two ways:

- In cash. This is taxable income under the *Income Tax Act* (Canada) in the year you receive it. We'll withhold an additional 20% tax penalty on behalf of the Canada Revenue Agency at the time of payment. Québec residents must pay additional withholding tax.
- As a transfer to an RRSP. The RRSP can belong to you or to your spouse or common-law partner. If you have the contribution room available, you can transfer up to a lifetime maximum of \$50,000 of earnings from the RESP. The transfer is not subject to either regular income tax or the 20% tax penalty.

To be eligible for an Accumulated Income Payment one of the following conditions must be met:

- The RESP must have been open for at least 10 years and each beneficiary named in the RESP must be at least 21 years old and not currently eligible for an EAP;
- All the beneficiaries under the RESP are deceased; or
- The plan is being closed by the end of the 35th year after the year the plan was opened.

The Canada Revenue Agency may waive the requirements of the first condition, if it is reasonable to expect that a beneficiary will be unable to go to a post-secondary school because of a severe and prolonged mental impairment. In these cases, we can make a written request on your behalf.

Additionally, the following two conditions must be met:

- The subscriber receiving the AIP must be a resident of Canada; and
- The payment is made to one subscriber of the plan.

If the beneficiary, at the time the RESP has to be closed, does not qualify for Educational Assistance Payments, and the subscriber does not qualify for an Accumulated Income Payment, we'll pay the earnings to the educational institution named by the subscriber. If the subscriber has not named any institution, we'll choose one. In either case, it must be a Designated Educational Institution as defined in the *Income Tax Act* (Canada).

### Scotia RESP transfer

You may transfer the holdings from your *Scotia* RESP to another financial institution or to another Scotiabank member that accepts RESP transfers. You can also transfer RESP holdings from another financial institution to a *Scotia* RESP. It is important the receiving financial institution offers the same bond and grants as the transferring plan. If the receiving plan does not, you may have to give up some or all of the bond and grants.

### Transfer of AIP to RDSP

Effective January 2014, an AIP can be transferred to an RDSP if the subscriber of the RESP and the RDSP jointly elect on a prescribed form to do so. The RESP beneficiary must also be the beneficiary under the RDSP.

The election can be made if the beneficiary has a severe and prolonged mental impairment that is reasonably expected to prevent the beneficiary from pursuing post-secondary

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education; or the RESP has been in existence for more than 35 years, or for at least 10 years and each beneficiary under the RESP is 21 or more years of age and not be eligible to receive educational assistance payments.

Once an accumulated income payment is made to the RDSP, the RESP must be terminated by the end of February of the following year. The AIP transferred to an RDSP will not be included in the income of the subscriber.

Please also see the Scotia Disability Savings Plan section of this booklet.

### **Closing a Scotia RESP**

Under the *Income Tax Act* (Canada) you must close all RESPs:

- on or before December 31 of the 35th year after opening the plan, or
- by the end of February in the year after receiving an Accumulated Income Payment. For example, if we make the first AIP in November of 2017, the RESP must be closed no later than February 28, 2018.

If we don't hear from you by the closing date, we'll deal with the investments in your plan as follows:

- We'll hold your remaining contributions (less any applicable fees and charges) in your name in an interest-bearing Investment Account
- We'll repay all government grants remaining in the plan
- If our files indicate that you selected a Designated Educational Institution to receive the accumulated earnings in the RESP, we'll send a cheque for that amount (less any applicable taxes, fees and charges) to that institution.

If you have not named a Designated Educational Institution, we'll pay the accumulated earnings as follows:

- If you're eligible for an Accumulated Income Payment, we'll send you a cheque for the full amount, less applicable taxes, charges and penalties
- If it is a joint account, we'll send cheques for one-half of the amount to each co-subscriber
- If you're not eligible for an AIP, we'll pay the amount to a Designated Educational Institution of our choice.

## **Scotia Disability Savings Plans – Scotia RDSP**

### **What is a Scotia Registered Disability Savings Plan?**

A Registered Disability Savings Plan (RDSP) helps parents and others save for the long-term needs of a person with a severe and prolonged mental or physical impairment.

You can contribute up to a lifetime maximum of \$200,000 per beneficiary and you can keep contributing up to the end of the year in which the beneficiary turns 59 years old. Contributions are not tax-deductible.

An RDSP remains open permanently, but withdrawals must begin in the year that the beneficiary turns 60.

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## Subscribing to a *Scotia* RDSP

The disabled person who will receive the funds from the RDSP is called the beneficiary. To qualify for an RDSP, the beneficiary must be eligible for the Disability Tax Credit. The Government of Canada only allows one RDSP per beneficiary.

The person who opens the RDSP and makes contributions to the plan is the account holder. If the beneficiary is a minor in their province of residence, the account holder can be one or both legal parents of the beneficiary, a guardian, a tutor, a public department or an agency that is legally authorized to act on the beneficiary's behalf. If the beneficiary has reached the age of majority in their province of residence, the account holder can be the beneficiary, or a guardian, a tutor, a public department or an agency that is legally authorized to act on the beneficiary's behalf.

Up until the end of 2023, under some circumstances, a legal parent, spouse or common-law partner of an adult beneficiary can also be the account holder if the beneficiary is not competent to enter into a contract. Depending on the province of residence, other exceptions may apply.

Individuals opening a *Scotia* RDSP need to provide their Social Insurance Number so we can register the plan with the Canada Revenue Agency. Public departments or agencies opening a plan must provide a Business Number.

The account holder does not have to be a resident of Canada to establish and contribute to an RDSP. However, the beneficiary must be a resident of Canada and provide his or her Social Insurance Number.

If you open an account but a beneficiary is not eligible for the Disability Tax Credit, we won't be able to register the plan. In that case we may choose to transfer the funds to a non-registered investment account in the account holder's name.

## Designating a beneficiary for a *Scotia* RDSP

Once a beneficiary has been named, you cannot cancel or change it.

Once the *Scotia* RDSP is set up, we'll send a notification letter to all account holders within 90 days. The letter will include the RDSP account number, the name and address of the beneficiary and any account holders, and the account opening date.

## Funding your *Scotia* RDSP

We recommend that you open a day-to-day bank account to contribute directly to an RDSP. You can make contributions either by lump sum or pre-authorized payments. For more information, see *Setting up Pre-Authorized Contributions*.

You can transfer your plan to or from a *Scotia* RDSP and an RDSP held at another financial institution.

## Canada Disability Savings Grant (CDSG)

The Government of Canada helps you save for a child's financial needs by topping up your contribution with a grant called the Canada Disability Savings Grant (CDSG.) The government may contribute funds equivalent to 300%, 200% or 100% of contributions to your RDSP in a year. It depends on the net income of the beneficiary's family and the contribution level.

As shown in the table below, an RDSP can receive up to \$3,500 a year in CDSGs. The maximum lifetime grant is \$70,000. The government may pay the CDSG on contributions made up until December 31 of the year in which the beneficiary turns 49.

**Eligibility**

To be eligible for the CDSG, both the beneficiary and the account holder must meet some conditions.

The beneficiary must:

- be a resident of Canada
- be eligible for the Disability Tax Credit
- not have more than \$200,000 contributed to the RDSP
- be less than 49 at the end of the year before the grant is paid.

The account holder must:

- have an RDSP
- file personal income taxes, if the beneficiary is 18 or older
- be eligible for the Canada child benefit (previously Canada Child Tax Benefit), if the beneficiary is under 18
- complete a CDSG application and give us a signed copy
- deposit a contribution into the RDSP.

**Canada Disability Savings Bond (CDSB)**

The Canada Disability Savings Bond is designed to help modest-income families save for the long-term financial security of a person with a disability. You do not have to contribute to an RDSP in order to receive the bond. As shown in the table below, depending on the net income of the beneficiary’s family, the Government of Canada may contribute up to \$1,000 annually, to a lifetime maximum of \$20,000.

**Eligibility**

To be eligible for the CDSB, the beneficiary and the account holder must meet the same conditions required for a Canada Disability Savings Grant. We need to receive a separate and complete CDSB application.

Federal contributions summary table

MAXIMUM FEDERAL CONTRIBUTION (\$)					
NET FAMILY INCOME (\$) THRESHOLDS (2019 INDEXED VALUES)	31,120 Or Less	OVER 31,120 BUT LESS THAN OR EQUAL TO 47,630	OVER 47,630 BUT LESS THAN OR EQUAL TO 95,259	OVER 95,259	
<b>CDSG (\$70,000 lifetime maximum)</b>					
3 to 1 (300%) for the first \$500	1,500	1,500	1,500	–	
2 to 1 (200%) for the next \$1,000	2,000	2,000	2,000	–	
1 to 1 (100%) for the first \$1,000	–	–	–	1,000	
<b>CDSB (\$20,000 LIFETIME MAXIMUM)</b>	1,000	500*	–	–	
<b>Total assistance</b>	<b>4,500</b>	<b>4,000</b>	<b>3,500</b>	<b>1,000</b>	

\*Average amount of CDSB, assuming even distribution of families over income range.

## Types of RDSP withdrawals

The only people who can receive payments from an RDSP are the beneficiary or the beneficiary's legal representative. You can use your RDSP to make two kinds of payments to a disabled beneficiary: Lifetime Disability Assistance Payments (LDAP) and Disability Assistance Payments. Here's how each of them works.

### Lifetime Disability Assistance Payments (LDAP)

LDAPs are designed to give the beneficiary a reliable stream of income. Once the payments start, they must be paid at least annually until either the plan is terminated or the beneficiary has died.

There's an annual maximum withdrawal limit. It is determined using the Government of Canada's LDAP Formula, which is based on the beneficiary's age and the fair market value of the plan.

There will be a minimum withdrawal amount beginning the year that the beneficiary turns 60. It will be the amount determined by the LDAP Formula. You must start these payments no later than the year in which the beneficiary turns 60.

### Disability Assistance Payments (DAP)

A Disability Assistance Payment (DAP) is an *ad hoc* payment to a beneficiary. In most cases a holder must request a DAP be paid to the beneficiary. Generally, DAPs are subject to the *ten-year repayment rule*.

In some cases, a beneficiary can request a DAP even if he or she is not an account holder. This happens when the total of all government contributions in the plan at the beginning of the calendar year is greater than the total of all private contributions. The beneficiary must be between the ages of 27 and 58, inclusive, to request this payment.

For plans that have more government contributions than private contributions, the maximum limit will be the greater of the LDAP Formula and 10% of the RDSP's fair market value. Except as explained below, there is no maximum DAP limit for plans that have more private contributions than government contributions.

There are restrictions on the size of DAPs that can be made. We cannot make any payment from an RDSP that would cause the fair market value of the plan to fall below the amount of all government grants and bonds received by the plan within the last 10-year period.

In any calendar year after the beneficiary turns 59, the total amount of DAPs must be at minimum the amount determined by the LDAP Formula. However if there are insufficient funds to make the required payments, then the payments may be less than the result of the LDAP formula.

### Calculation of payments

To view how the following payments are calculated:

- maximum LDAP
- the non-taxable part of the DAP/LDAP
- the CDS Grant Portion of the DAP/LDAP
- the CDS Bond Portion of the DAP/LDAP

access the Canada Revenue Agency's website at:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rdsp-reei/pmnts/typsmd-eng.html>

and Employment and Social Development Canada website at :

<http://www.esdc.gc.ca/eng/disability/savings/index.shtml>

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## Shortened life expectancy

If a beneficiary has a shortened life expectancy the account holder may be able to ask for larger annual withdrawals for the beneficiary without triggering the 10-year repayment rule. To qualify, a medical doctor must certify in writing that the beneficiary is unlikely to survive more than five years for health reasons.

To apply for the larger payments, you'll need to complete one of our forms. Once we accept the form the plan becomes known as a Specified Disability Savings Plan (SDSP) and the following rules apply:

- The Lifetime Disability Assistance Payments must begin in the calendar year after the plan became an SDSP
- The taxable portion of all DAPs during the year cannot normally be more than \$10,000. This figure may be higher if needed to meet the minimum withdrawal requirements that apply to beneficiaries during a primarily government assisted plan year. If the government contributions exceed private contributions, payments must be at least the maximum amount determined by the LDAP Formula
- You can't make any more contributions to the plan but eligible rollovers are permitted
- The government will not pay any new Canada Disability Savings Grants (CDSGs) or Canada Disability Savings Bonds (CDSBs) into the plan. When the beneficiary dies, any remaining CDSGs and CDSBs money that was deposited within the preceding 10 years must be repaid
- No provincial assistance program payments or similar contributions are allowed
- You can carry forward your rights to CDSG or CDSB contributions only for the year in which you change your plan to a SDSP.

These rules generally apply until an account holder reverses the request, or the plan is closed or fails to comply with the *Income Tax Act* (Canada). If withdrawals of taxable amounts exceed the annual \$10,000 limit, without meeting any exceptions, the plan may cease to be an SDSP, and the normal 10-year repayment rule will apply.

You can change the plan back to a regular RDSP by notifying us in writing. The ordinary RDSP rules will generally apply, except that the plan won't be able to receive any new Government of Canada grants until the calendar year after the SDSP is cancelled.

If you cancel the SDSP, you may apply for it again. You must wait at least two years after cancelling the special status and you'll have to present new medical certification of shortened life expectancy.

Effective January 2014:

- Regardless of whether government contributions exceed private contributions, payments must be at least the maximum amount determined by the LDAP Formula
- If the beneficiary under an SDSP becomes DTC-ineligible the beneficiary will be subject to the same rules that apply to other RDSP beneficiaries who have become DTC-ineligible
- SDSPs are not eligible for RESP rollovers.

It should be noted that the increase in the maximum withdrawal limit for RDSPs that have more government contributions than private contributions is not applicable to SDSPs.

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## Carry-forward grant and bond entitlements

Effective January 2011, you can request payment of any unclaimed government grants and bonds from the previous 10 years, starting from 2008, the year Registered Disability Savings Plans (RDSP) became available.

To receive unclaimed grant and bond contributions, the beneficiary must be 49 or under at the time of the claim.

The amount of grants and bonds your account is entitled to depends on the beneficiary's net family income and the amount contributed to the RDSP in those years. The matching rate will be the same as that offered in the year in which you qualified for the grant.

## Transferring retirement savings to an RDSP

Effective July 2011, if you're a parent or grandparent of a financially dependent child with a disability you can have part or all of your retirement plans transferred tax-free to the child's Registered Disability Savings Plan when you die.

To be eligible, your retirement savings must be in one of the following:

- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF), or
- Registered Pension Plan (RPP).

You can transfer up to the lifetime contribution limit of \$200,000. This amount will be reduced by all contributions and rollover transfers previously made to any RDSP for the child. The contribution of the retirement savings will be included in the taxable portion of any DAP or LDAP.

The government does not pay matching Canada Disability Savings Grants on the money transferred from retirement savings.

## Transferring RESP income to an RDSP

Effective January 2014, an accumulated income payment can be transferred from a beneficiary's RESP into the beneficiary's RDSP. This transfer will be subject to the \$200,000 lifetime contribution limit for RDSPs. The accumulated income payment will be included in the taxable portion of any DAP or LDAP.

The government does not pay matching Canada Disability Savings Grants on accumulated income payment transfers.

Please contact the Scotiabank Wealth Management Contact Centre at 1-877-929-4499 (Monday to Friday, 8:00am - 7:00pm EST; after hours voicemail) for availability.

## Closing a Scotia RDSP

A Scotia RDSP is closed when any of the following happens:

- The beneficiary no longer has a prolonged mental or physical impairment
- The RDSP does not comply with applicable legislation
- The beneficiary dies
- The RDSP is transferred
- The account holder voluntarily terminates the plan.

When an RDSP is closed, the beneficiary or the beneficiary's estate receives the invested contributions and all earnings in the plan. However, all grants and bonds paid into the RDSP during the previous 10 years must be repaid to the Government of Canada.

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If you open an RDSP but it cannot be registered with the Canada Revenue Agency for any reason, we reserve the right to deposit any funds within the plan into an Investment Account in the name of the holder(s) and issue applicable tax receipts.

### Loss of DTC Eligibility

Once an election is made the following conditions apply:

- Contributions cannot be made to the RDSP and grant and bond will not accumulate or be paid
- Education savings rollovers are not permitted
- Transfers are not permitted
- Retirement savings rollovers are permitted
- Withdrawals may be made
- The *10-year repayment rule* will be extended for the election period.

If the beneficiary re-qualifies for the DTC for a taxation year any time after the election is made, the plan will revert to being an RDSP for that taxation year onwards. However, if the beneficiary does not re-qualify for the DTC within five years, the election comes to an end and the plan will be wound up by the end of the year following that year. This is the case even if the beneficiary becomes DTC eligible after the election comes to an end but before the plan is wound up.

Please contact the Scotiabank Wealth Management Contact Centre at 1-877-929-4499 (Monday to Friday, 8:00am - 7:00pm EST; after hours voicemail) for availability.

### Withholding Tax

The Government of Canada requires that the taxable portion of DAP and LDAP in excess of the basic personal amount and the disability tax credit amount be subject to withholding tax. Please note that only the taxable portion of any payment is subject to withholding tax. For the 2018 taxation year the federal basic personal amount and disability tax credit is \$20,044\*. In Québec, provincial withholding tax is applied in excess of \$18,346\* (for the 2018 taxation year).

\* The Governments of Canada and Québec, respectively, update these amounts every year.

The withholding tax<sup>†</sup> rates are as follows:

TAXABLE WITHDRAWAL AMOUNT	WITHHOLDING TAX RATE <sup>†</sup>	
	CANADA (EXCEPT QUÉBEC)	QUÉBEC (PROVINCIAL AND FEDERAL)*
Up to \$5,000	10%	20%
\$5,000.01 - \$15,000	20%	25%
More than \$15,000	30%	30%

<sup>†</sup> The rates are current as of February 2018. The relevant tax authority may change them at any time.

\* For Québec, we have shown the combined provincial and federal withholding tax rate.

Please note that the withholding tax rate applied to the taxable portion of any payment may not depend solely on that particular payment. Rather the Income Tax Regulations may require certain payments in a calendar year to be aggregated to determine the withholding rate to be applied.

### Tax receipts for your RDSP

Grants, bonds and investment income earned in an RDSP are included in the beneficiary's income for tax purposes when paid out of the RDSP. We'll issue the beneficiary a T4A for the taxable portion of the payment.



## Further Questions?

If you have further questions about your RDSP please contact the Scotiabank Wealth Management Contact Centre at **1-877-929-4499** (Monday to Friday, 8:00am - 7:00pm EST; after hours voicemail).

## Scotia Registered Income Accounts – Scotia RIF, LIF, LRIF, PRIF and RLIF

### What is a Scotia Registered Income Account?

When it's time to retire, you can transfer money from your registered savings account to a registered income account, usually on a tax-deferred basis. Registered income accounts are designed to give you a series of regular income payments during your retirement years.

We offer the registered income account, the Registered Retirement Income Fund (RRIF) as well as *locked-in income accounts*. They include the Locked-in Retirement Income Fund (LRIF), Life Income Fund (LIF), Prescribed Retirement Income Fund (PRIF) and Restricted Life Income Fund (RLIF). These locked-in income accounts are similar to Registered Retirement Income Funds (RRIFs) except that the source of funds is a locked-in savings account or another locked-in income account.

With a locked-in income account you must receive a minimum payment each year except in the year you set up your account. In addition, you generally cannot withdraw more than a set maximum amount annually.

PRIFs are available in Saskatchewan and Manitoba. You can open a PRIF if your pension funds are in a Locked-in Retirement Account (LIRA) (Saskatchewan only) or in an existing LIF or LRIF (Saskatchewan or Manitoba), subject to certain conditions. Saskatchewan also allows you to transfer RRSP and RRIF funds to a PRIF. Please contact your branch for further details.

### Funding your Scotia RIF, LIF, LRIF, PRIF and RLIF

Each plan can accept different funds from different sources. The table below shows how it works.

TYPE OF ACCOUNT	SOURCE OF FUNDS ACCEPTED
Scotia RIF	transfer funds directly from a Registered Retirement Savings Plan (RRSP) or another Registered Retirement Income Fund (RRIF)
Scotia LIF	transfer from a Locked-in Retirement Account (LIRA), Locked-In RSP (LRSP), Locked-In Retirement Income Fund (LRIF), Registered Pension Plan (RPP) or another LIF, if permitted
Scotia LRIF	transfer from a Locked-in Retirement Account (LIRA), Locked-In RSP (LRSP), Locked-In Retirement Income Fund (LRIF), Registered Pension Plan (RPP) or another LIF, if permitted. Some provinces may have limitations on transfers between LRIFs and LIFs; please review the Declaration of Trust and applicable Addendum
Scotia PRIF	transfer from a LIRA, LIF or LRIF and, in Saskatchewan, from a RRSP or RRIF
Scotia RLIF	transfer from a Federal Locked-in RSP (LRSP), Locked-In Income Fund (LIF), Registered Pension Plan (RPP), Restricted Locked Savings Plan (RLSP) or another RLIF, if permitted

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## Spousal RRIF

A Spousal RRIF is the same as a regular RRIF, except that the funds typically come from a Spousal RRSP to which your spouse has made contributions on your behalf.

Usually, you'll be responsible for paying taxes on withdrawals from your Spousal RRIF. However, your spouse may have to pay the tax if:

- you take more than the minimum amount in a year; and
- there have been contributions to your Spousal RRSP in that same year or in the two preceding calendar years.

If you have both a Spousal RRSP and a regular RRSP registered in your name, you may combine the balances of these accounts into a single Spousal RRIF. Your other option is to open two RRIFs, one for proceeds from your regular RRSP and another for proceeds from your Spousal RRSP. Ask your Scotiabank representative for more details.

## About spousal rights and beneficiaries

Your spouse does not have an automatic right to your *Scotia* RIF even if he or she contributed to the account.

If you name your spouse as the successor annuitant, the account will pass “as is” into your spouse’s name after we are notified of your death. All the investments and payment instructions on the account will stay the same until your spouse changes them.

If you do not or cannot take advantage of naming your spouse as the successor annuitant, you can name any beneficiary you want by completing the beneficiary section of the application. This person will receive the proceeds of your *Scotia* RIF after your death.

In Québec, you can only designate a beneficiary through a Will. As a result, if you’re a Québec resident, any beneficiary designation we have on file for you is not valid.

As an annuitant if you become a non-resident of Canada, you lose the option of changing or adding a beneficiary.

If you have a *Scotia* PRIF, your spouse is the automatic beneficiary unless your spouse gives up his or her rights as designated beneficiary.

Your spouse **does** have an automatic interest in your *Scotia* LIF, LRIF or RLIF and is the beneficiary on your death. He or she is the beneficiary on your death, unless they sign a form giving up this right or they cease to be your spouse.

If your spouse does not give up these rights, he or she also has an interest in any annuity purchased with funds from your *Scotia* LIF. The annuity must be Joint and Last Survivor and the spousal payments must be at least 60 percent of the account holder’s pension at the time of death. Even if a spouse signs away his or her rights, this may not be accepted in some jurisdictions.

When applying for *Scotia* LIFs, LRIFs, or RLIFs you should only complete the beneficiary section of the application if you do not have a spouse or if your spouse has given up his or her rights.

In British Columbia, Manitoba, Alberta, Ontario, Newfoundland and Nova Scotia, you must get your spouse’s consent to transfer the proceeds of a LIRA, or registered pension plan to a *Scotia* LIF or LRIF. In Ontario, Newfoundland and Nova Scotia, we document this consent on the application form for a *Scotia* LIF or LRIF. In other jurisdictions we use a separate form.

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In Saskatchewan you must get your spouse's consent to transfer the proceeds of a registered pension plan, LIRA, LIF or LRIF to a Saskatchewan *Scotia* PRIF. We document this consent with a separate form.

### **About withdrawals and payments**

#### **Annual minimum payments from your *Scotia* RIF, LIF, LRIF, PRIF and RLIF**

Starting in the year after the year you establish a *Scotia* RIF or PRIF you have to be paid a yearly minimum amount. If you wish to receive a payment in the first year, you may do so, but the entire payment will be subject to withholding tax. You can decide whether to have the minimum payment calculation based on your age or your spouse's age. You only pay taxes on the money you withdraw or receive; the rest can continue to grow tax-deferred.

For your *Scotia* LRIF, LIF and RLIF the law determines both the annual minimum payment and the annual maximum payment. You do not have to take your annual minimum payment in the year you open the account. If you wish to receive a payment in the first year, you may do so, but the entire payment will be subject to withholding tax. You can decide whether to have minimum payment calculation based on your age or your spouse's age (except in New Brunswick). The maximum payment must be based on your age.

Note that when determining annual minimum payments, the CRA does not make a distinction between RRIFs, LIFs, LRIFs, PRIFs and RLIFs. You may change your scheduled payments anytime during the year.

#### **Calculating your annual minimum payment**

As the table below shows, your annual minimum payment depends on your age and when you opened the plan. The Canada Revenue Agency refers to RRIFs opened before January 1, 1993 as "Qualifying RRIFs" which have a lower annual minimum payment for age 71.

To calculate your annual minimum payment, multiply the value of your plan on December 31 by the percentage that corresponds to your age on January 1 and when you opened the plan. These percentages, which correspond to the annual minimum payment factors, were decreased in 2015 by the Government of Canada for the 2015 and subsequent calendar years. This will result in a lower annual minimum payment, all things being equal. The table below contains the new, decreased percentages.

Example: If you opened your plan after December 31, 1992 and you will be 75 on January 1, multiply 5.82% by the value of your plan on December 31 of the same year. In this case, if the value of your plan was \$100,000, your annual minimum payment for the following year would be \$5,820 (5.82% x \$100,000).

AGE	% FOR ALL PLANS	AGE	% FOR ALL PLANS	AGE	% FOR ALL PLANS
60	3.33	72	5.40	84	8.08
61	3.45	73	5.53	85	8.51
62	3.57	74	5.67	86	8.99
63	3.70	75	5.82	87	9.55
64	3.85	76	5.98	88	10.21
65	4.00	77	6.17	89	10.99
66	4.17	78	6.36	90	11.92
67	4.35	79	6.58	91	13.06
68	4.55	80	6.82	92	14.49
69	4.76	81	7.08	93	16.34
70	5.00	82	7.38	94	18.79
71	5.28*	83	7.71	95+	20.00

\* The factor for Qualifying RRIFs for age 71 is 5.26%. Please note, that if you transfer new funds to a Qualifying RRIF from an RRSP or from a RRIF that you opened after December 31, 1992, your RRIF will no longer be considered a "Qualifying RRIF".

### Periodic payments and lump-sum withdrawals

Normally, you can either receive periodic payments or make lump-sum withdrawals from your *Scotia* RIF or PRIF.

With a *Scotia* LIF, LRIF or RLIF you can receive periodic payments but in most cases you cannot make lump-sum withdrawals. However, depending on the jurisdiction, you may be able to make either full withdrawals or a series of withdrawals under special circumstances.

These circumstances may include temporary income, shortened life expectancy, plans with small balances, and financial hardship, among others. If these withdrawals are allowed, you must provide detailed documentation along with your withdrawal request.

### Receiving payments from your *Scotia* RIF, LIF, LRIF, PRIF and RLIF

The Bank of Nova Scotia is your dealer if you're allowed to hold only cash, high interest savings, and GICs in your account. Scotia Securities Inc. is your dealer if you're allowed to hold cash, high interest savings, GICs and mutual funds in your account.

The following sections explain how it works. You'll find the rules for Scotia Securities Inc. beginning on page 36.

#### If The Bank of Nova Scotia is your dealer

If The Bank of Nova Scotia is the dealer on your account, we draw money for payments first from the cash balance in your plan. The money comes from the book value and accrued interest. If more funds are needed, they come from the following:

- first from the high interest savings balance in your plan. The money comes from the book value and accrued interest

- then from the Non-Redeemable, Cashable and Accelerated-Rate GIC with the lowest interest rate, then from the term GIC with the earliest maturity date, and then from the term GIC with the lowest certificate number
- then from the interim interest portion of the Scotiabank Index Powered GICs, and Scotiabank Equity Powered GICs and from *The Ultimate Laddered* GIC. We start with the GIC with lowest interest rate, then the earliest maturity date, and then the GIC with the lowest certificate number
- then from the Scotiabank Index Powered GICs, Scotiabank Equity Powered GIC - Canadian Growth, Scotiabank Equity Powered GIC - American Growth and Scotiabank Equity Powered GIC - Global Growth. We start with the GIC with the lower face value, then the earliest maturity date, and then the GIC with the lowest certificate number
- then from the Scotiabank Equity Powered GIC - Canadian Income, Scotiabank Equity Powered GIC - Canadian Guaranteed Return and Scotiabank Market Linked GICs. We start with the GIC with the lower annual interest rate, then with the lowest market value, then the earliest maturity date, and then with the lowest certificate number.

**Note: The Guaranteed Income Optimizer (GIO) will not be automatically withdrawn from. Please contact your Scotiabank branch for more details.**

*Non-Redeemable, Accelerated-Rate, The Ultimate Laddered, Scotiabank Equity Powered GIC - Canadian Income and Scotiabank Equity Powered GIC - Canadian Guaranteed Return and Scotiabank Market Linked GICs.*

Payments made from Non-Redeemable, Accelerated-Rate, *The Ultimate Laddered*, Scotiabank Equity Powered GIC - Canadian Income and Scotiabank Equity Powered GIC - Canadian Guaranteed Return and Scotiabank Market Linked GICs are based on three components: the book value, accrued interest and compound interest. The percentage of each component withdrawn is based on how much of the total value each component represents at the payment date.

For example, if the book value is 80% of the total value of the investment, then 80% of the payment comes from the book value. When you receive a payment, the value of all three components decreases accordingly. The reduced book value continues to earn interest at the original rate from the payment date onward.

Here are a few examples of how it all works.

Payment from a Non-Redeemable GIC, *The Ultimate Laddered* GIC, Scotiabank Equity Powered GIC - Canadian Income, Scotiabank Equity Powered GIC - Canadian Guaranteed Return, Scotiabank Market Linked GICs or an Accelerated-Rate GIC (numbers have been rounded)

	ACCRUED INTEREST	COMPOUND INTEREST	BOOK VALUE	TOTAL
Before payment	\$250.00 (2.33% of total)	\$500.00 (4.65% of total)	\$10,000.00 (93.02% of total)	\$10,750.00
Payment \$1,000	-\$23.30 (\$1,000 x .0233)	-\$46.50 (\$1,000 x .0465)	-\$930.20 (\$1,000 x .9302)	-\$1,000.00
After payment	\$226.70	\$453.50	\$9,069.80	\$9,750.00

For Scotiabank Index Powered GICs, Scotiabank Equity Powered GIC - Canadian Growth,

Scotiabank Equity Powered GIC - American Growth and Scotiabank Equity Powered GIC - Global Growth, payments come from the GIC's face value only, as shown in the following table.

**Scotiabank Index Powered GICs, Scotiabank Equity Powered GIC - Canadian Growth, Scotiabank Equity Powered GIC - American Growth and Scotiabank Equity Powered GIC - Global Growth**

When we make payments from a Scotiabank Index Powered GIC, Scotiabank Equity Powered GIC - Canadian Growth, Scotiabank Equity Powered GIC - American Growth, and Scotiabank Equity Powered GIC - Global Growth, the money comes entirely from the principal; in other words, the money you invested in the GIC. The principal remaining after payments will earn interest at the rate payable at maturity.

Payment from a Scotiabank Index Powered GIC

	ACCRUED INTEREST	COMPOUND INTEREST	BOOK VALUE	TOTAL
Before payment	n/a	n/a	\$ 25,000	\$ 25,000
Payment \$2,000			-\$2,000	-\$2,000
After payment			\$23,000	
Rate of return for issue determined at maturity to be 20%	\$4,600 (\$23,000*0.20)		\$23,000	\$27,600

**If Scotia Securities Inc. is your dealer**

If Scotia Securities Inc. is the dealer on your account, you have a choice of how to fund your scheduled or periodic payments. You can either use our standard method or select the specific order yourself (except for GICs).

If you choose the standard option, we draw money for scheduled or periodic payments as follows:

- first from the cash balance of your account,
- then from the high interest savings balance,
- then from all *cash equivalent mutual funds*, on a *pro rata basis* depending on market value,
- then from all fixed-income mutual funds on a pro rata basis, depending on market value,
- then from all GICs (in the order set out in The Bank of Nova Scotia dealer section), and
- then from all equity mutual funds on a pro rata basis, depending on market value.

If you select the order yourself you can choose between cash and mutual funds.

Here's an example. Suppose you have \$9,750 in your account and you make a withdrawal of \$1,000. This is how we'd draw money for the first two payments

INVESTMENT TYPE	AMOUNT	PROPORTION
Cash	\$1,000.00	10.26%
Cash equivalent mutual fund 1	\$6,000.00	61.54%
Cash equivalent mutual fund 2	\$2,750.00	28.21%
<b>TOTAL: \$9,750</b>		

*The funding for first payment would be:*

Cash	\$1,000.00
Cash equivalent mutual fund 1	\$00.00
Cash equivalent mutual fund 2	\$00.00

Investments after first payment

INVESTMENT TYPE	AMOUNT	PROPORTION
Cash	\$00.00	0
Cash equivalent mutual fund 1	\$6,000.00	68.57%
Cash equivalent mutual fund 2	\$2,750.00	31.43%
<b>TOTAL: \$8,750.00</b>		

*The funding for second payment would be:*

Cash	\$00.00	
Cash equivalent mutual fund 1	\$685.70	(68.57% x \$1,000.00)
Cash equivalent mutual fund 2	\$314.30	(31.43% x \$1,000.00)

Investments after second payment

INVESTMENT TYPE	AMOUNT
Cash	\$00.00
Cash equivalent mutual fund 1	\$5,314.30
Cash equivalent mutual fund 2	\$2,435.70
<b>TOTAL: \$7,750.00</b>	

If you select either a minimum or maximum payment and the currency of the payment is U.S. dollars, we'll calculate the payment in Canadian dollars first. Then we'll convert that amount into U.S. dollars, using the exchange rate in effect when the payment is initiated.

This means the amount may change from payment to payment, depending on the exchange rate. Please note that we'll only fund payments from investments in the same currency.

We'll automatically sell the necessary number of units to make payments.

You may realize a capital gain or a loss by selling the units. **If you withdraw more money than your fund is earning, you may eventually use up your investment.**

### Payment amount, frequency and date

We base minimum payments from mutual fund RRIFs on the market value of each fund on December 31 of the previous year. For example, suppose you hold three mutual funds in your RRIF and the payment factor for this year is 4.76. We'll take the value for all three funds on December 31 of last year. Then we'll redeem 4.76% of that value from each of the three funds.

You can select the amount of your payment each year as long as you take at least the minimum payment and don't take more than any prescribed maximum payment for LIFs, LRIFs and RLIF.

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You may choose to receive your scheduled payments weekly, every two weeks, twice a month, monthly, every two months, quarterly, every four months, semi-annually or annually. We'll deposit it in your bank account at The Bank of Nova Scotia, or in your bank account at another financial institution, or we'll mail you a cheque.

You can change the amount, date, frequency and method of payment but you must make changes at least 14 days before the next cheque payment date or at least three days before the payment goes into your bank account.

If a payment is due at the beginning of January each year, it will be automatically delayed up to four days to permit the calculations of minimum and maximum payments.

If you do not provide any payment instructions by December 31 of the year you turn 71, we'll set up your plan automatically and send you the annual minimum payment by cheque on or around September 25 of each year.

### **Withholding tax on your *Scotia* RIF, LIF, LRIF, PRIF and RLIF**

Withdrawals and scheduled payments from your *Scotia* RIF, LIF, LRIF or RLIF are generally considered income for tax purposes and you must declare them as income for the year you receive them.

If you choose to receive a payment larger than the annual minimum payment we'll deduct withholding tax from the excess amount over and above the annual minimum payment. See the table below for the withholding tax rates applicable to residents of Canada.

If you receive any payments in the year you set up your retirement income fund, we'll deduct withholding tax from the entire amount of the payments. That's because there is no annual minimum in the first year.

TAXABLE AMOUNT	CANADA (EXCEPT QUÉBEC)*	QUÉBEC (PROVINCIAL AND FEDERAL)**
Up to \$5,000	10%	20%
\$5,000.01 - \$15,000	20%	25%
More than \$15,000	30%	30%

\* All rates, including Québec's, are current as of February 2018 and are subject to change.

\*\* For Québec, we have shown the combined provincial and federal withholding tax rate.

Canadian residents can also ask us to use a higher rate of withholding tax. If you hold GICs, high interest savings or cash in your account and you choose this option, we'll deduct withholding tax from the entire amount of each payment, not just from the excess amount.

We have these and other options available for you when it comes to withdrawals and scheduled payments as well as how withholding tax is applied to those withdrawals or payments. Please contact your Scotiabank representative for further details.



## ***HOW SCOTIA REGISTERED ACCOUNTS ARE ADMINISTERED***

When you open a *Scotia* Registered Account, we register it with the Canada Revenue Agency (CRA) so that it gets special tax status.

The *Scotia* Retirement Savings Plan (RRSP), *Scotia* Retirement Income Fund (RRIF) and *Scotia* Tax-Free Savings Account (TFSA) are regulated by the *Income Tax Act* (Canada).

In addition to being regulated by the *Income Tax Act* (Canada), locked-in accounts such as LIRA, LRSP, PRIF, LRIF, LIF and RLIF are regulated by provincial and federal pension legislation.

The *Scotia* Registered Education Savings Plan (RESP) is regulated under the *Income Tax Act* (Canada) and the *Canada Education Savings Act*.

The *Scotia* Registered Disability Savings Plan (RDSP) is regulated under the *Income Tax Act* (Canada) and the *Canada Disability Savings Act*.

### **A word about naming accounts**

When you first open a new account, we don't use the word "registered" to describe the plan until it is registered with the CRA. For example, we call it a Retirement Savings Plan, a Retirement Income Fund, a Disability Savings Plan or an Education Savings Plan.

After your application is processed, we submit your account for registration after which time it will become a Registered Retirement Savings Plan, a Registered Retirement Income Fund and so on.

Your registered accounts are administered by The Bank of Nova Scotia Trust Company (Scotiabank), as trustee. Both The Bank of Nova Scotia and Scotia Securities Inc. act as agents for Scotiabank in the day-to-day operation of these accounts.

### **Important documents**

When you open any *Scotia* Registered Account except an Education Savings Plan, we'll give you a Declaration of Trust. It describes the terms and conditions for your plan. If your account is an Education Savings Plan, you'll receive the Terms and Conditions document. If your account is a LRSP, LIRA, RLSP, LIF, LRIF, PRIF or RLIF you'll also receive an Addendum to your plan.

The Declaration of Trust, the Terms and Conditions and the Addenda are very important documents because they explain how your plans operate and the roles and responsibilities of Scotiabank. Please keep them in a safe place.

## ***SCOTIA INVESTMENT ACCOUNTS***

### **What is a *Scotia* Investment Account?**

Your *Scotia* Investment Account is a non-registered account you can use for a variety of investing needs such as putting money aside for a vacation, saving for a home or supplementing your retirement income.

Unlike registered accounts, you can't defer taxes on the income you earn with a *Scotia* Investment Account. The rate of tax you pay depends on the type of earnings generated from the investments you hold and the kind of investments you make.

You should discuss any tax questions you may have with your tax or legal advisor.

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## Ownership, survivor arrangements and signing authorities

### Ownership – Individual

You can hold your *Scotia* Investment Accounts in one name. If your account is an individual account we will take instructions only from you. On death, the investments in your account, including any cash, will be disbursed to your estate according to your account agreement.

### Ownership – Joint

More than one person can hold a single *Scotia* Investment Account. This is commonly referred to as “joint” ownership. Each joint owner is fully responsible for the obligations in this booklet, an arrangement known as joint and several (in the Province of Québec this is called ‘solidarily’).

Ownership and survivorship rights and legal responsibilities vary for joint accounts, so you may wish to discuss it with your legal and/or tax advisor. If you have a joint account, you must tell us what survivor arrangement you and any co-owners want for your account. You must also tell us the names of the signing authorities on the account.

### Survivor arrangements

The survivor arrangement you choose determines what happens to the investments in your joint account if one of the joint owners dies. Outside Québec there are two survivor arrangements available; Joint Tenants With Right of Survivorship (JT or JTWROS) and Tenants in Common (TIC). In Québec there is only one survivor arrangement option, Joint Holders (JH), which is equivalent to Tenants in Common. We assume no responsibility whatsoever for any claims arising from or relating to the survivor arrangement that you select.

### Joint Tenants with Right of Survivorship (JT or JTWROS)

If you select Joint Tenants With Right of Survivorship as the survivor arrangement and one of the owners dies, we will hold the investments in the account in the name(s) of the surviving owner(s). Alternatively, the investments may be redeemed and we’ll disburse them to the surviving owner(s).

### Tenants in Common (TIC) and Joint Holders (JH)

If you select Tenants in Common or if you have a Joint Holders arrangement and one of the owners dies, the surviving owners do not automatically inherit ownership of the deceased’s share of the account. The deceased’s share is disbursed to the deceased’s estate and the remaining share is distributed to the surviving owners.

### Signing authorities

The signing authorities that you name for your account will determine who we’ll accept instructions from to operate the account. You will be bound by any instructions any designated signing authority gives us. Any designated signing authority will remain in force and we can rely on it until we receive a written notice of change from the designated signing authorities.

If the signing arrangement on your account is “Any to Sign” we’ll accept individual instructions from any of the owners.

If the signing arrangement on your account is “All to Sign” we’ll only accept instructions that come from all owners.

### **Ownership – In Trust for**

If an account has been opened as “In Trust For”, we will only take instructions from the account holder or holders named in the signing arrangement for the account. For tax reporting purposes, we’ll require the Social Insurance Number of the primary account holder. We’ll only issue a tax receipt in the name(s) of the account holder(s).

There are legal responsibilities and tax consequences associated with opening an “In Trust For” account, so you may wish to discuss it with your legal and/or tax advisor. We assume no responsibility for any claim or loss whatsoever arising from or relating to the decision to open an “In Trust For” account. We have no knowledge of or responsibility for the terms of any trust, whether written, verbal, implied or constructive.

### **Ownership – Formal Trust**

For information on Formal Trust accounts please contact your Scotiabank branch.

### **Receiving automated payments from your Scotia Investment Account**

The Bank of Nova Scotia is the dealer on your account if you’re allowed to hold only cash, high interest savings, and Guaranteed Income Certificates (GICs) in your account. Scotia Securities Inc. is your dealer if you’re allowed to hold cash, high interest savings, GICs and mutual funds in your account. The automated payment rules are slightly different, depending on who your dealer is.

#### **If The Bank of Nova Scotia is the dealer of your Investment Account**

If The Bank of Nova Scotia is your dealer you may set up an automatic withdrawal that lets you receive scheduled cash payments. Your automated payments will be funded from the cash balance of your account in the currency you select. If you select Canadian dollar payments, the payment will be funded from the Canadian dollar cash portion of your account only. Similarly, U.S. dollar payments are funded from the U.S. dollar cash balance only.

#### **If Scotia Securities Inc. is the dealer of your Investment Account**

If Scotia Securities Inc. is your dealer you have a choice of how to fund your scheduled or periodic payments. You can either use our standard method or select the specific order for redeeming your investments yourself.

If you choose the standard option, we draw money for scheduled or periodic payments as follows:

- first from the cash balance of your account,
- then from the high interest savings balance,
- then from all *cash equivalent mutual funds*, on a pro rata basis depending on market value,
- then from all fixed-income mutual funds on a pro rata basis, depending on market value, and
- then from all equity mutual funds on a pro rata basis, depending on market value.

If you select the order yourself you can choose between cash, high interest savings and mutual funds.

For example, suppose you make automated withdrawals of \$1,000 a month. Here is how we would redeem the holdings in a hypothetical account with a balance of \$9,750.

	AMOUNT	PROPORTION
Up to \$5,000	10%	21%
Account balance	\$9,750.00	
Payment amount	\$1,000.00	
<b>Investments before payments</b>		
Cash	\$1,000.00	10.26%
Cash equivalent mutual fund 1	\$6,000.00	61.54%
Cash equivalent mutual fund 2	\$2,750.00	28.21%
<b>TOTAL INVESTMENTS</b>		
<b>\$9,750.00</b>		

We would fund the first payment like this:

Cash	\$1,000.00
Cash equivalent mutual fund 1	\$00.00
Cash equivalent mutual fund 2	\$00.00
<b>TOTAL PAYMENT \$1,000.00</b>	

Investments after first payment

Cash	\$0.00	
Cash equivalent mutual fund 1	\$6,000.00	68.57%
Cash equivalent mutual fund 2	\$2,750.00	31.43%
<b>TOTAL INVESTMENTS \$8,750.00</b>		

We would fund the second payment like this:

Cash	\$0.00	
Cash equivalent mutual fund 1	\$685.70	(68.57% x \$1,000.00)
Cash equivalent mutual fund 2	\$314.30	(31.43% x \$1,000.00)
<b>TOTAL PAYMENT \$1,000.00</b>		

Investments after second payment

Cash	\$0.00
Cash equivalent mutual fund 1	\$5,314.30
Cash equivalent mutual fund 2	\$2,435.70
<b>TOTAL INVESTMENTS \$7,750.00</b>	

We'll automatically sell the necessary number of units or investments to make the requested payments. Please note that we'll only fund payments from investments in the same currency.

You may realize a capital gain or a loss by selling the units. **If you withdraw more money than your fund is earning, you may eventually use up your investment.**

### **Payment amount, frequency and date**

You may choose to receive your scheduled payments weekly, every two weeks, twice a month, monthly, every two months, quarterly, every four months, semi-annually or annually. We'll deposit it in your bank account at The Bank of Nova Scotia, or in your bank account at another financial institution, or we'll mail you a cheque.

You can change the amount, date, frequency and method of payment but you must make the request at least 14 days before the next cheque payment date or at least three days before the payment goes into your bank account.

If a payment is due at the beginning of January each year, it will be automatically delayed up to four days.

### **Income tax on *Scotia* Investment Accounts**

Different types of investments get different treatments for tax purposes. The following is a quick overview. It is not intended to be legal or tax advice and we make no representation with respect to Federal or Provincial income tax laws. For details and advice, talk to your tax or investment advisor.

#### **Guaranteed Income Certificates (GICs) and savings accounts**

If you hold *Scotia* GICs, high interest savings, or cash in the Investment Cash portion of your account, the income you earn is taxable interest income. It is subject to tax in the year you receive it. If you don't receive it, it is subject to tax when it accrues.

For your Scotiabank Index Powered, Scotiabank Equity Powered, Accelerated-Rate and *The Ultimate Laddered*® GICs please refer to your fact sheets for further details.

For Scotiabank Market Linked GICs, please refer to the Disclosure Document for further details.

#### **Mutual funds**

Depending on the mutual fund you hold, the money you earn might be taxed as interest income, dividend income, or capital gains. Dividend income, capital gains and interest income may be taxed at different rates.

You could have a capital gain or loss when you sell units of your mutual funds. This includes when switching from one fund to another one you hold in your plan. The capital gain or loss is the difference between the selling price and the adjusted cost base of the units you sell.

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## YOUR INVESTMENT OPTIONS

You've decided on an investment goal and opened a registered or non-registered account. The next step is to start investing!

Whatever your goals and whatever amount of risk you decide is appropriate for yourself, we have the investment products to suit. They range from cash deposits to high interest savings to Guaranteed Income Certificates (GICs) to mutual funds.

Here's a closer look at the savings and investment options available.

### Cash (Canadian and U.S. Currency)

Every *Scotia* Investment Account has a cash portion we use to process your investment purchases and sales.

We pay you interest on Canadian and U.S. currency in the cash portion of your account. We calculate interest daily, based on closing balance. This interest is paid to you at the end of every month. During a leap year, we pay you interest for the leap day.

The annual interest rate we use to calculate interest varies, based on the daily closing principal balance in your account. Interest rates are subject to change at any time. You can find the latest rates at [www.scotiabank.com](http://www.scotiabank.com) or at your branch.

You can hold U.S. currency in any of your accounts except the *Scotia* RESP and the *Scotia* RDSP.

### High Interest Savings (Canadian Currency)

#### Scotiabank Savings Accelerator Account

Scotiabank Savings Accelerator Account uniquely offers you highly competitive, interest on both your Non-Registered and Registered savings. We calculate interest daily, based on your closing balance. This interest is paid to you at the end of every month. During a leap year, we pay you interest for the leap day. The annual interest rate we use to calculate interest varies, based on the daily closing balance in your account. Interest rates are subject to change at any time. You can find the latest rates at [www.scotiabank.com](http://www.scotiabank.com) or at your branch.

Scotiabank Savings Accelerator is only available in Canadian dollars and is issued by The Bank of Nova Scotia, Montreal Trust Company of Canada, National Trust Company and Scotia Mortgage Corporation. Scotiabank Savings Accelerator is not available in non-personal Investment Accounts, such as for businesses or estates.

### GICs – Scotia Guaranteed Investment Certificates

Guaranteed Income Certificates (GICs) are investments that pay you interest during or at the end of a set term while protecting your investment.

Scotiabank offers a full range of GIC investments for all plan types, including Cashable GICs, Non- Redeemable GICs, Scotiabank Equity Powered GICs, Scotiabank Indexed Powered GICs and Scotiabank Market Linked GICs.

#### GIC Interest

Except for the Scotiabank Index Powered GICs, the Scotiabank Equity Powered GICs and Scotiabank Market Linked GICs, we pay interest on your GICs from the issue date up to, but not including, the *maturity date*.

Interest is calculated and accrued daily. To calculate the daily interest, we divide the annual interest rate by 365. We multiply that figure by the GIC book value to determine how much interest to accrue. Interest is paid on maturity for *Scotia* GICs that do not pay interest during their term.

During a leap year you earn interest on the leap day and we pay it on the next interest payment date.

*Scotia* GICs that offer compound interest pay you interest on your interest. The interest payments are added to the GIC book value at the end of each compounding period – either annually or semi-annually. We pay compounded GIC interest on the maturity date.

Some *Scotia* GICs pay interest during their term. You may arrange to have this interim interest paid to your Scotiabank deposit account or your bank account at another financial institution. You can also choose to reinvest the interest in your *Scotia* Investment Account, or we can send a cheque payable to someone else you name. We'll even do any combination of these options.

*Scotia* GICs that pay interest during their term also make final interest payments at the end of the term, along with the return of your original investment. You have all the same options for this final payment as you have for the interim payments. You can also invest this final payment in the same type of GIC or another type of GIC.

If you choose to have your payments deposited to a bank account we'll deposit the interim payments on the interest payment date and the final payment on the maturity date.

If you choose to receive your interest or maturity payment by cheque, we'll date the cheque for the actual payment due date, but mail it approximately two weeks before the interest payment date or the maturity date. This applies to all GICs except for Scotiabank Index Powered GICs, Scotiabank Equity Powered GICs and Scotiabank Market Linked GICs.

We issue cheques for those few days after their maturity date. That is because we cannot determine the maturity value of the Scotiabank Indexed Powered GICs, Scotiabank Equity Powered GICs or Scotiabank Market Linked GICs until their maturity dates.

If the term of your GIC is less than or equal to 5 days and the maturity date falls on Sunday or on a Federal statutory holiday, we extend the term of the GIC to the next business day and pay interest until that day. Saturday is treated as a business day, unless it is a Federal statutory holiday.

If the term of your GIC is greater than 5 days and the maturity date falls on a Sunday we extend the term of the GIC to the next business day and pay interest until that day. Saturday and Federal statutory holidays are treated as business days.

### **GIC – Other Information**

We report all your GIC holdings on your quarterly Personal Portfolio Statement. For your convenience the statements will indicate any GICs that will mature in the next three months.

If you want to renew your GIC, you can let us know up to and including the maturity day for non-registered GICs.

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This feature does not apply to the Scotiabank Indexed Powered GIC, Scotiabank Equity Powered GIC, and Scotiabank Market Linked GICs.

We can transfer all *Scotia* GICs to another *Scotia* Investment Account you own or to your *Scotia* Tax-Free Savings Account. We can also transfer *Scotia* GICs from your *Scotia* Investment Account to a *Scotia* Investment Account owned by someone else, as well as to someone else's *Scotia* Tax-Free Savings Account. We can accommodate *Scotia* GIC transfers from a non-registered investment account to an RRSP and Spousal RRSP if the owners are the same. We can accommodate other limited transfers as well. However, we may decline to accommodate any requested transfer. GICs with the equal payment option and equity linked GICs cannot be transferred.

There is no interest rate penalty when you cash in all or part of your GIC to make scheduled RRIF, LIF, PRIF, LRIF or RLIF payments.

### Non-Redeemable GICs

You can hold Non-Redeemable GICs in both *Scotia* Investment Accounts and *Scotia* Registered Accounts. They're available in both U.S. and Canadian currency. *Scotia* Non-Redeemable GICs cannot be fully or partially redeemed before maturity unless the owner dies. In these cases, we'll pay all accrued interest.

Interest rates are fixed for the term you select. The rate you receive depends on factors such as the amount you invest, the term you select and the interest payment frequency you choose.

Term and interest payment options

GIC TYPE	MINIMUM INVESTMENT	AVAILABLE TERMS	INTEREST PAYMENT FREQUENCY
Non-Redeemable Canadian Dollar	\$500	1-10 years	Annually or semi-annually. At maturity, if annual or semi-annual compounding
	\$5,000	1-10 years	Monthly
Non-Redeemable U.S. Dollar	\$500	30-364 days	At maturity
	\$500	1-10 years	Annually
	\$500	30-364 days	At maturity
	\$100,000	1-29 days	At maturity

If your GIC pays interest semi-annually, you may choose to receive the same amount each time interest is paid. For interest paid monthly, you may select to have the interest paid in equal amounts each month, and in addition, you may choose to have the interest paid on any day during the month. The last interest payment you receive may not be an equal payment if the first interest payment date is adjusted.

Existing non-redeemable GICs are eligible to blend and extend into regular term GICs. The following GICs are not eligible: Accelerated Rate, Cashable, Non-redeemable U.S. Dollar, Redeemable, Scotiabank Market Linked GICs, The Ultimate Laddered, and Guaranteed Income Optimizer.

You cannot hold U.S. dollar *Scotia* Non-Redeemable GICs in your *Scotia* RESP, *Scotia* RDSP, *Scotia* Registered Savings Accounts, or *Scotia* Registered Income Accounts.



## Cashable GICs

Cashable GICs give you the option of cashing in your investment at your convenience. They may be a good choice if you want your money to be available for other opportunities.

You can hold *Scotia* Cashable GICs in your *Scotia* Investment Account and your *Scotia* Registered Account. They're available only in Canadian dollars and are issued by The Bank of Nova Scotia, Montreal Trust Company of Canada and National Trust Company.

Term and interest payment options

GIC TYPE	MINIMUM INVESTMENT	AVAILABLE TERMS	INTEREST PAYMENT FREQUENCY
Cashable	\$500	1 year	At Maturity
Cashable	\$5,000	1 year	Monthly

You can cash in *Scotia* Cashable GICs at any time. However, if you redeem within 30 days of the issue date no interest will be paid.

The minimum withdrawal amount is \$500 and the remaining balance after a withdrawal must be at least \$500.

## Redeemable GICs

*Scotia* Redeemable GICs are similar to Cashable GICs, except they are available only to sole proprietorships, partnerships, incorporated and unincorporated businesses, fraternities, associations and organizations. You can only hold *Scotia* Redeemable GICs in a *Scotia* Investment Account, and they're available only in Canadian dollars.

Redeemable GICs are issued by The Bank of Nova Scotia and Montreal Trust Company of Canada. Interest rates are fixed for the term you select. The rate you get depends on factors such as the amount you invest, the term you select and the interest payment frequency you choose. This chart shows the terms and payment options available.

Term and interest payment options

GIC TYPE	MINIMUM INVESTMENT	AVAILABLE TERMS	INTEREST PAYMENT FREQUENCY
Redeemable GIC	\$1,000	1-6 years (less 1 day)	Annually, semi-annually (on April 30 & October 31 each year) or monthly
	\$1,000	30-364 days	At maturity
	\$100,000	1-29 days	At maturity

If your GIC pays interest semi-annually, you may choose to receive the same amount each time interest is paid. For interest paid monthly, you may select to have the interest paid in equal amounts each month. In addition, you may choose to have the interest paid on any day during the month.

If you want to cash in your GIC early, we calculate interest using an early-redemption interest rate. Your investment advisor can give you the latest rate.

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*Scotia* Redeemable GICs can be partially redeemed before maturity at a reduced interest rate if:

- the GIC principal amount is less than \$5,000, the minimum withdrawal amount is \$1,000 and the remaining balance is at least \$1,000, or
- the GIC principal amount is between \$5,000 and \$100,000, the minimum withdrawal amount is \$1,000 and the remaining balance is at least \$5,000, or
- the GIC principal amount is \$100,000 or more, the minimum withdrawal amount is \$100,000 and the remaining balance is at least \$100,000.

If you redeem within 30 days of the issue date no interest will be paid.

## For more information

If you need further information about the Scotiabank Indexed Powered GICs, the Scotiabank Equity Powered GICs or the Guaranteed Income Optimizer please refer to the applicable Fact Sheets on [www.scotiabank.com](http://www.scotiabank.com). The Ultimate Laddered GIC, Accelerated-Rate GIC and the Scotia GIC with Flex are no longer offered.

For Scotiabank Market Linked GICs, please refer to the Disclosure Document for further details.

## Mutual Funds

### ScotiaFunds®

ScotiaFunds are managed by 1832 Asset Management L.P. and are available from Scotia Securities Inc. (SSI). SSI and the general partner of 1832 Asset Management L.P., a limited partnership, are wholly owned by The Bank Of Nova Scotia. Part of 1832 Asset Management L.P.'s responsibility is to oversee the Portfolio Advisors who make the day-to-day investment decisions for the ScotiaFunds portfolios. It utilizes several different Portfolio Advisors, selecting investment management companies that have the core competencies required to manage complex investment portfolios.

ScotiaFunds offer a range of cash, fixed income and equity mutual funds that incorporate an active or passive portfolio management approach as well as a growth, value or a blend investment style.

ScotiaFunds also offer a suite of balanced investment solutions to help you achieve your long-term goals.

### Other Mutual Funds Available Through Scotia Securities Inc. (SSI)

As a mutual fund dealer, SSI may also hold for you mutual funds from some of Canada's other leading mutual fund companies.

Labour Sponsored Investment Funds (LSIF), Hedge Funds, Segregated Funds e.g. (GIF) Guaranteed Investment Funds will not be available for sale or to be held in your Scotia Securities Inc. account. Scotia Securities Inc., as your mutual fund dealer, also reserves the right on an ongoing basis to determine the specific products, investments, unit classes and commission structures that it will sell or support.

## MANAGING YOUR ACCOUNT

### Setting up Pre-Authorized Contributions (PACs):

You can make lump sum contributions to your *Scotia* accounts, but for many people, a better way to invest is to make automatic pre-authorized contributions on a regular basis. This will help you to build your regular savings or reach your goals quickly.

If your regular contributions are in Canadian dollars, they can come from your chequing or savings account at any financial institution. If you're dealing in U.S. dollars, the money can only come from your *Scotia* U.S. Dollar Daily Interest account.

When you invest in Guaranteed Income Certificates (GICs), you'll have to tell us how to invest your funds. Otherwise the pre-authorized contributions will remain as cash.

When you invest in mutual funds, you can tell us how you want your contributions shared among the funds in your account. You can either specify a percentage of the total contribution or a dollar amount.

Each mutual fund company will set minimum deposit amounts. These can be found in the Simplified Prospectus and Fund Facts for each mutual fund.

If your *Scotia* Registered Savings Plan (RSP) holds GICs, you can make an automatic contribution to purchase a Non-Redeemable GIC.

You may choose to make your scheduled contributions weekly, every two weeks, twice a month, monthly, every two months, quarterly, every four months, semi-annually or annually. We'll debit your bank account at The Bank of Nova Scotia, or your bank account at another financial institution. Please ensure that your bank account has sufficient funds on the day before the pre-authorized contribution deposit date. For contributions coming from another financial institution, we reserve the right to place a hold on the mutual funds or GICs purchased for up to five (5) business days to ensure that the debit from your bank account has been completed.

### Issuing tax slips for your investments

We'll send you the following tax slips annually, depending upon your investments.

#### **Scotia Registered Accounts (With the Exception of RESP, RDSP and TFSA)**

T4 slips (e.g. T4RSP / T4RIF) are issued to Canadian residents (RL-2 for Québec residents) for any payments or withdrawals you make from your registered plans during the calendar year.

#### **Scotia Registered Education Savings Plans (RESP)**

T4A (RL-1 for Québec residents) slips are issued to beneficiaries who receive Accumulated Income Payments during the calendar year.

T4A (RL-1 for Québec residents) slips are issued to Canadian resident beneficiaries and NR4 slips are issued to non-resident beneficiaries who receive Educational Assistance Payments during the calendar year.

#### **Scotia Registered Disability Savings Plans (RDSP)**

T4A slips are issued to beneficiaries who receive bond, grant or investment income payments from their Registered Disability Savings Plan (RDSP) during the calendar year.

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## **Scotia Investment Account – Cash and High Interest Savings**

T5 slips are issued to Canadian residents (RL-3 to Québec residents) for interest income earned during the calendar year. These tax slips are issued by either The Bank of Nova Scotia or by Scotia Securities Inc., depending on which one is your dealer.

### **Non-Registered Scotia GICs**

T5 slips are issued to Canadian residents (RL-3 for Québec residents) for the interest earned during the calendar year. There are separate tax slips for each type of currency account and each issuer. The issuers are:

- The Bank of Nova Scotia
- Scotia Mortgage Corporation
- National Trust Company
- Montreal Trust Company of Canada.

### **Transfer of ownership**

If there has been a transfer of ownership for investment cash, high interest savings, simple or compound interest, GICs or mutual funds, we'll issue two tax slips. The first tax slip will be issued in the name of the account holder who is giving up the account. It will include all earnings paid up to and including the date of the transfer. The second tax slip will be issued to the new owner. It will include the earnings from the date of the transfer until the end of the calendar year.

### **Non-registered mutual funds**

T3 slips may be issued to Canadian residents (RL-16 slips for Québec residents). These will show interest, dividend and capital gains information. The mutual fund company that offers the fund you own (including Scotia Asset Management) is responsible for issuing the tax slips.

If you're a non-resident owner of a *Scotia* Investment Account holding investment cash, high interest savings, *Scotia* GICs or mutual funds, you'll receive an NR4 slip. This shows the amount of any income tax that has already been withheld on any income that was earned from investments.

T5008 (Statement of Securities Transactions) slips may also be issued.

### **Scotia Tax-Free Savings Account (TFSA)**

Tax slips are not issued for interest, capital gains, payments or withdrawals from your *Scotia* Tax-Free Savings Account.

Tax reporting after the death of a Registered Account holder/annuitant :

When the last holder of a Registered Account dies, the trust continues to be tax-exempt until:

- the end of the year following the year of death of the last account holder, or
- the date the trust ceases to exist, whichever comes first.

During this period, any payment of income earned after the date of death from the trust to the deceased's estate or to another beneficiary will be included in the recipient's income for the year it's received.

If the trust still exists at the end of the exempt period, it will become taxable from that point forward and a T3RET, T3 Trust Income Tax and Information Return will have to be filed, each year that it continues to exist. In its first taxable year, the trust must also include any income or gains that were earned after death but not paid out to beneficiaries during the exempt period.

## **Non-resident tax section**

### ***Scotia Investment Accounts***

If you're a non-resident of Canada, the return on high interest savings, *Scotia* GICs and mutual funds may be subject to 25% non-resident withholding tax. This tax rate may be reduced by a Tax Treaty between Canada and the country in which you're a resident for tax purposes. You are not generally entitled to any reimbursement of withholding taxes you pay.

### ***Scotia Registered Income Accounts***

If you're a non-resident of Canada, you have to pay 25% withholding tax on any payments. The rate of withholding may be reduced depending on your country of residence and whether it has a Tax Treaty with Canada. Amounts above a prescribed threshold (periodic pension payment) do not generally qualify for a reduced withholding tax rate.

### **Reduced Withholding Tax Rate**

To qualify, you must certify that you're eligible for the reduced treaty rate. You'll need to re-certify whenever we ask. If you fail to certify or re-certify we'll apply the 25% withholding tax. If there is any discrepancy because of a change in withholding rates the correct tax will be determined by the Canada Revenue Agency when you file your personal tax return.

Alternatively, you may be eligible to claim a refund. Please contact your own tax advisor for further details.

## **Large Cash Transaction Report**

There are other requirements that might prompt the Bank to ask you for more information about the transaction you are conducting. For instance, you may be asked whether you are acting on behalf of a third party while conducting your transaction.

## **Accessing your investments online or by phone**

Your branch and your Scotiabank representative can provide you with products, services and assistance. You can also get access to your investments through *Scotia OnLine* Financial Services and through our contact centres where you can do any of the following;

- buy *ScotiaFunds* for RRSPs and Non-Registered accounts
- open a new *Scotia* Investment Account under The Bank of Nova Scotia for your non-registered cash, high interest savings, and eligible GIC holdings
- open a new *Scotia* Investment Account through Scotia Securities Inc. for your non-registered cash, high interest savings, GIC and mutual fund holdings
- open a new *Scotia* Registered Account through Scotia Securities Inc. for your registered cash, high interest savings, GIC and mutual fund holdings
- buy *Scotia* GICs, with the exception of Scotiabank Indexed Powered GICs, Scotiabank Equity Powered GICs and Scotiabank Market Linked GICs, and hold them in your *Scotia* Investment Account or your *Scotia* Registered Account

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- review your *Scotia* Investment Account and *Scotia* Registered Account details, including the total account balance, the balance held in the account and the balance of all the *Scotia* high interest savings, GICs and mutual funds you hold
  - make transfers between the ScotiaFunds if you hold them in the same account
  - place or change renewal instructions for your maturing *Scotia* GIC (with the exception of Scotiabank Indexed Powered GICs, Scotiabank Equity Powered GICs and Scotiabank Market Linked GICs)
  - set up an automatic pre-authorized contributions to account cash, high interest savings, and ScotiaFunds
  - apply for a *Scotia* RSP Catch Up®-Line of Credit to “top-up” your *Scotia* RSP.

You can use TeleScotia® to obtain information about your Investment Account Balances and transfer your call to an Investment Specialist who will be happy to assist you in any way they can.

You can call any time to register. For mutual fund investments call **1-800-268-9269** (English), or **1-800-387-5004** (French) (Monday to Friday, 8:00 am - 8:00 pm EST; after hours voicemail). For other investments call **1-800-575-8888** (Monday to Friday 9:00am - 8:00pm EST, after hours voicemail). You can also visit our website at [www.scotiabank.com](http://www.scotiabank.com) and choose *Scotia OnLine* Financial Services.

## FEES FOR YOUR ACCOUNT

We charge fees for many of the accounts and services we offer. They're outlined in this section.

We may change any of the features associated with your *Scotia* Investment Account or your *Scotia* Registered Account or the investments you hold within them. If we make such changes, or if we increase any fee that applies to your plan or investments, we'll let you know in advance.

If required, we'll also display notices of the change in our branches and on our ABMs 60 days before making the change. If you're not satisfied with the change, you may switch to any other plan or investment we offer, or you may close your plan or withdraw your investments up to 90 days after the effective date of the change. On request, for any fees that you have paid we'll refund the difference between our old and new fees.

If Scotia Securities Inc. is the dealer of your account you will be provided with, at least, 60 days written notice of any new or increased operating charge or account fee.

### Fees for your *Scotia* Registered Savings Account (*Scotia* RSP, LIRA, LRSP, RLSP)

*If The Bank of Nova Scotia is the dealer of your account*

- \$50 for an eligible withdrawal from your *Scotia* Registered Retirement Savings Plan
- \$50 for a transfer from your *Scotia* Registered Retirement Savings Plan to a financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank

*If Scotia Securities Inc. is the dealer of your account*

- \$50 for an eligible withdrawal from your *Scotia* Registered Savings Account
- \$50 for a transfer from your *Scotia* Registered Savings Account to a financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank

### Fees for your *Scotia* Registered Income Account (*Scotia* RIF, LRIF, LIF, PRIF, RLIF)

*If The Bank of Nova Scotia is the dealer of your account*

- Free – all regularly scheduled payments from your *Scotia* Registered Income Account
- \$50 for each additional withdrawal [Tip: Ask instead to change your regular scheduled payments. There is no limit to the number of changes you can make in a year]
- \$50 for a transfer from your *Scotia* Registered Income Account to a financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank
- \$50 if you close your *Scotia* Registered Income Account within one year of the date you opened it

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*If Scotia Securities Inc. is the dealer of your account*

- Free – all regularly scheduled payments from your *Scotia* Registered Income Account
- \$50 for each additional withdrawal
- \$50 for a transfer from your *Scotia* Registered Income Account to a financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank
- \$50 if you close your *Scotia* Registered Income Account.

## **Fees for your *Scotia* Tax-Free Savings Account**

*If The Bank of Nova Scotia is your dealer*

- \$50 for a transfer from a TFSA to financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank

*If Scotia Securities Inc. is your dealer*

- \$50 for a transfer from your TFSA to financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank

## **Fees for your *Scotia* RESP**

- \$50 for a transfer from your *Scotia* RESP to another financial institution that is not a member of Scotiabank
- Free – transfer to a member company within Scotiabank

## **Fees for your High Interest Savings**

### **Scotiabank Savings Accelerator Account**

- \$5 service charge for an in-branch transfer to your Day-to-Day bank account from either a Non-Registered account or TFSA

## **Fees for your *Scotia* RDSP**

- \$50 administrative fee to transfer your plan to another financial institution
- Free – transfer to a member company within Scotiabank

## **Fees for your *Scotia* GICs**

There are no service charges on *Scotia* GICs. However, interest rate penalties may apply to permitted withdrawals that are made prior to the maturity date.

## **Federal and Provincial Sales Tax**

All Scotia Securities Inc. dealer fees are subject to applicable federal, provincial and/or harmonized sales taxes.





## Protecting your deposits

Canada Deposit Insurance Corporation (CDIC) is a federal Crown corporation that protects your deposits for up to \$100,000 per insured category at financial institutions that are CDIC members. Coverage is free and automatic — you don't have to sign up.

### What's covered?

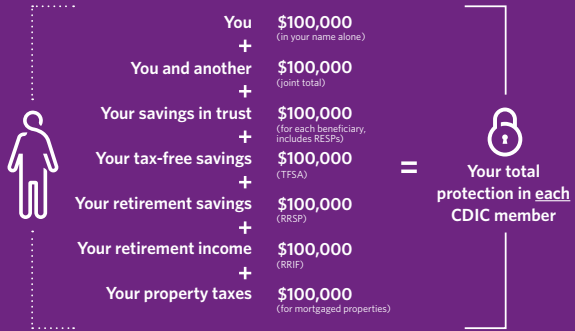
- **Savings and chequing accounts**
- **Guaranteed Investment Certificates (GICs) and other term deposits** with original terms to maturity of five years or less

### What's not covered?

- **Mutual funds, stocks, and bonds**
- **Foreign currency** (eg. \$ U.S.)

### Add up your coverage!

We protect deposits in CDIC members to help with your savings goals. If you deposit money in **savings accounts, chequing accounts or GICs** and other **term deposits** (of five years or less), it is protected for up to \$100,000 in each of these categories.



### What happens if a CDIC member fails?

Your money belongs in your hands. CDIC works hard to protect your savings and your access to financial services. If your institution closes, we will reimburse your insured funds (including interest) within days. It's automatic — we will contact you.

#### What you can do

- Keep your contact information at your financial institution up-to-date so CDIC can send payment if necessary.
- Know what is covered and what is not.

### Want to know more?

CDIC is a federal Crown corporation, and is fully funded by CDIC members.

Visit our website  
**cdic.ca**

Call us  
**1-800-461-2342**

Follow us



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# DISCLOSURE AND AGREEMENTS

## *COMPLAINT RESOLUTION*

### If The Bank of Nova Scotia is the Dealer of your Account

#### **Step One:**

**Talk to us at your Branch or Customer Contact Centre 1800-4SCOTIA or 1-800-472-6842.**

If the person you speak to at the branch/customer contact centre is not able to resolve your concern to your satisfaction, please speak directly to a management officer, who has the authority to resolve the majority of problems that arise.

#### **Step Two:**

**Contact the Office of the President.**

If the management officer has been unable to resolve your complaint satisfactorily, a representative of the President & CEO will be pleased to assist you.

- e-mail mail.president@scotiabank.com
- Mail The President, Scotiabank  
44 King Street West  
Toronto, ON M5H 1H1
- Fax 1-877-700-0045 (in Toronto 416-933-1777)
- Telephone English 1-877-700-0043 (in Toronto 416-933-1700)  
French 1-877-700-0044 (in Toronto 416-933-1780)

#### **Step Three:**

**Contact Scotiabank's Ombudsman.**

Scotiabank's Ombudsman has been appointed to undertake an impartial review of all unresolved customer complaints. If you have gone through the first two steps and remain dissatisfied, submit your complaint to the Ombudsman in writing.

- e-mail ombudsman@scotiabank.com
- Mail Scotiabank Ombudsman  
44 King Street West  
Toronto, ON M5H 1H1
- Fax 1-866-787-7061

#### **Still not satisfied? For SSI Dealer accounts**

**You may contact the Ombudsman for Banking Services and Investments (OBSI)**

An independent Ombudsman has been appointed to serve the interests of customers of Canadian banks and investment firms. If you are not satisfied with our Ombudsman's response, you can refer your complaint to the OBSI. While we would expect to resolve your complaint within 90 days, if our best efforts have been unable to provide a resolution in that time, you may refer your complaint to the OBSI.

- e-mail [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)
- Mail  
Ombudsman for Banking Services and Investments  
401 Bay St. Suite 1505  
P.O. Box 5  
Toronto, ON M5H 2Y4
- Telephone 1-888-451-4519
- Website [www.obsi.ca](http://www.obsi.ca)

## Still not satisfied?

For BNS Dealer Accounts

You may contact an External Complaints Body for banking complaints; ADR Chambers Banking Ombudsman (ADRBO)

ADRBO has been appointed to undertake an impartial review of unresolved banking complaints. If you are not satisfied with our Ombudsman's response, you can refer your complaint to the ADRBO. While we would expect to resolve your complaint within 90 days, if our best efforts have been unable to provide a resolution in that time, you may refer your complaint to the ADRBO.

- e-mail [contact@bankingombuds.ca](mailto:contact@bankingombuds.ca)
- Mail  
ADR Chambers Banking Ombudsman  
P.O. Box 1006  
31 Adelaide St. E.  
Toronto, Ontario M5C 2K4
- Telephone (800) 941-3655
- Fax: (877) 803-5127

## Contacting the Financial Consumer Agency of Canada (FCAC):

The FCAC supervises federally regulated financial institutions to ensure they comply with federal consumer protection laws. For example, financial institutions must provide consumers with information about fees, interest rates and complaint-handling procedures. They must also provide proper notice of closing a branch and, subject to certain conditions, must cash a federal government cheque up to \$1,500 and open a deposit account when acceptable identification is presented. If you have a complaint about such a regulatory matter, you can contact the FCAC in writing at:

- Mail  
Financial Consumer Agency of Canada  
6th Floor, Enterprise Building  
427 Laurier Avenue West  
Ottawa, Ontario K1R 1B9
- Telephone  
English 1-866-461-3222  
French 1-866-461-2232
- Website [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

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## If Scotia Securities Inc. is the Dealer of your Account

### Scotia Securities Inc. (SSI) Customer Complaint Information

Customers of SSI who are not satisfied with an investment product or service have a right to make a complaint and to seek resolution of the problem. SSI has a responsibility to its customers to ensure that all complaints are dealt with fairly and promptly. If you have a complaint, these are some initial steps you can take:

Contact your branch. Explain your complaint to a Mutual Fund Representative or the Branch Manager.

- Contact SSI. SSI is responsible for supervising the activity of its representatives to ensure they comply with regulatory requirements. SSI will investigate your complaint and respond back to you with the results of its investigation, in most cases, within 90 days of receipt of the complaint. It is helpful if your complaint is in writing.

Complaints concerning SSI (except Québec residents) may be sent by customers directly to:

**Mail** 20 Queen Street W, 4th Floor, Toronto,  
Ontario, Canada M5H 3R3

**Fax** 647-557-2149

*For Québec residents:*

**Mail** Scotia Securities Inc., Compliance Department  
715 Square Victoria, RC1 Montreal, Québec H2Y 2H7

**Fax** 514-499-5316

If you are not satisfied with the response to your complaint from SSI, you may contact the

**Mail** Scotiabank Ombudsman  
44 King Street West Toronto, Ontario M5H 1H1

**Fax** 1-866-787-7061

**E-Mail** [ombudsman@scotiabank.com](mailto:ombudsman@scotiabank.com)

**Telephone** 1-800-785-8772 (in Toronto 416-933-3299)

- If you are a resident of Québec and you are not satisfied with the response to your complaint from SSI, you may ask SSI to send a copy of your file to the Autorité des marchés financiers (AMF). You will need to complete the “Request for the Transfer of a File” form which is available on the AMF website at [www.launthorite.qc.ca](http://www.launthorite.qc.ca). The AMF studies all files received and may recommend mediation.
- Contact the Mutual Fund Dealers Association of Canada (“MFDA”), which is the self-regulatory organization in Canada to which SSI belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate, but it does not order compensation or restitution. You may make a complaint to the MFDA at any time, whether or not you have complained to your mutual fund dealer. The MFDA can be contacted:

**Internet** Complete the on-line complaint form at [www.mfda.ca](http://www.mfda.ca)

<b>Telephone</b>	<b>1-888-466-6332</b> (in Toronto <b>416-361-6332</b> )
<b>E-Mail</b>	<b>complaints@mfd.ca</b>
<b>Mail</b>	MFDA, 121 King Street West, Suite 1000, Toronto, ON M5H 3T9
<b>Fax</b>	<b>416-361-9073</b>

*Compensation:*

The MFDA does not order compensation or restitution to customers of Members. The MFDA exists to regulate the operations, standards of practice and business conduct of its Members and their representatives with a mandate to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry. If you are seeking compensation, you may consider the following:

Ombudsman for Banking Services and Investments (“OBSI”): After the dealer’s Compliance Department has responded to your complaint, you may contact OBSI. You may also contact OBSI if the dealer’s Compliance Department has not responded within 90 days of the date you complained. Please note that you have 180 calendar days to bring your complaint to OBSI after receiving the dealer’s response. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to customers. OBSI can make a non-binding recommendation that your firm compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. OBSI can be contacted:

<b>Telephone</b>	<b>1-888-451-4519</b> (in Toronto <b>416-287-2877</b> )
<b>E-Mail</b>	<b>ombudsman@obsi.ca</b>

Legal Assistance: You may consider retaining a lawyer to assist with the complaint. You should be aware that there are legal time limits for taking civil action. A lawyer can advise you of your options and recourses. Once the applicable limitation period expires, you may lose rights to pursue some claims.

Manitoba, New Brunswick and Saskatchewan: Securities regulatory authorities in these provinces have the power to, in appropriate cases, order that a person or company that has contravened securities laws in their province pay compensation to a claimant. The claimant is then able to enforce such an order as if it were a judgment of the superior court in that province. For more information, please visit:

<b>Manitoba</b>	<b><a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a></b>
<b>New Brunswick</b>	<b><a href="http://www.nbsc-cvmb.ca">www.nbsc-cvmb.ca</a></b>
<b>Saskatchewan</b>	<b><a href="http://www.fcaa.gov.sk.ca">www.fcaa.gov.sk.ca</a></b>

Québec: If you think you are a victim of fraud, fraudulent tactics or embezzlement, you can contact the AMF to see if you meet the eligibility to submit a claim to the Fonds d’indemnisation des services financiers (“Financial Services Compensation Fund”). An indemnity up to \$200,000 can be payable through monies accumulated in the fund for an eligible claim. For more information, please visit **[www.lautorite.qc.ca](http://www.lautorite.qc.ca)**.

**Scotia Securities Inc. Complaint Handling Procedures Summary**

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Scotia Securities Inc. (SSI) has procedures in place to handle written or verbal complaints received from customers in a fair and prompt manner. This is a summary of those procedures. It is provided to new customers and customers who have made a complaint. We provide to new customers the Scotia Securities Inc. Customer Complaint Information (“CCI”) document (included in the previous section of this booklet). Customers who complain are provided with a separate Scotia Securities Inc. Customer Complaint Information (“CCI”) document. The CCI provides general information about options for making a complaint.

### **How to Make a Complaint with SSI**

Customers wishing to complain to SSI may make their complaint to our Head Office by contacting the SSI Compliance Department or to a Branch Manager at any branch (see the CCI). All complaints are reviewed by SSI. We encourage customers to make their complaint in writing, where possible. Where customers have difficulty putting their complaint in writing, they should advise us so that we can provide assistance. For confidentiality reasons, we will only deal with the customer or another individual who has the customer’s express written authorization to deal with us.

### **Complaint Handling Procedures**

We will acknowledge receipt of complaints promptly, generally within five days. We review all complaints fairly, taking into account all relevant documents and information obtained from the customer, our records, our sales representatives, other staff members and any other relevant source. Once our review is complete we provide customers with our response, which will be in writing if the complaint was made in writing. Our response may be an offer to resolve your complaint, a denial of the complaint with reasons or another appropriate response. If we offer you a financial settlement, we may ask you to sign a release and waiver for legal reasons. Where the complaint relates to certain serious allegations, our initial acknowledgement will include copies of this summary and the CCI. Our response will summarize your complaint, our findings and will contain a reminder about your options with the Ombudsman for Banking Services and Investments.

We will generally provide our response within ninety days, unless we are waiting for additional information from you, the case is novel or very complicated, or there is some other reasonable cause for delay.

We will respond to communications you send us after the date of our response to the extent necessary to implement a resolution or to address any new issues or information you provide.

### **Contacting SSI**

Customers may contact SSI at any time to provide further information or to inquire as to the status of their complaint, by contacting the SSI Compliance Department by mail at: Scotia Securities Inc., Compliance Department, 20 Queen Street W, 4th Floor, Toronto, Ontario, Canada M5H 3R3, or by fax to: **647-557-2149**.

Scotiabank is committed to a number of voluntary codes of conduct and public commitments designed to protect consumer interests, such as those listed below. Copies of the full text of the codes and commitments are available on the Scotiabank website at [www.scotiabank.com](http://www.scotiabank.com).

- Canadian Code of Practice for Consumer Debit Card Services
- CBA Code of Conduct for Authorized Insurance Activities

- Code of Conduct for Federally Regulated Financial Institutions - Mortgage Prepayment Information
- Code of Conduct for the Credit and Debit Card Industry in Canada
- Commitment on Modification or Replacement of Existing Products or Services
- Commitment on Powers of Attorney and Joint Deposit Accounts
- Commitment to Provide Information on Mortgage Security
- Guidelines for Transfers of Registered Plans
- Interac Zero Liability Policy
- Low-cost/No-Cost Retail Deposit Accounts
- Model Code of Conduct for Bank Relations with Small- and Medium-Sized Businesses
- Online Payments
- Plain Language Mortgage Documents – CBA Commitment
- Principles of Consumer Protection for Electronic Commerce: A Canadian Framework
- Undertaking - Principal Protected Notes Regulations
- Visa E-Promise
- Visa Zero Liability Policy
- American Express Fraud Protection Guarantee
- MasterCard Zero Liability Policy

## ***CODES OF CONDUCT AND PUBLIC COMMITMENTS***

Scotiabank is committed to a number of voluntary codes of conduct and public commitments designed to protect consumer interests, such as those listed below. Copies of the full text of the codes and commitments are available on the Scotiabank website at [www.scotiabank.com](http://www.scotiabank.com) or from the branch with which you are dealing.

**CBA Code of Conduct for Authorized Insurance Activities** – Industry standards for bank representatives offering credit, travel and personal accident insurance products in Canada.

**Canadian Code of Practice for Consumer Debit Card Services** – Industry and consumer practices and responsibilities related to the use of debit cards in Canada.

**Guidelines for Transfers of Registered Plans** – Industry standards for the transfer of deposit type registered savings plans between financial institutions.

**Low-Fee Retail Deposit Account Memorandum of Understanding** – A commitment to provide a standard low-fee account to consumers.

**Model Code of Conduct for Bank Relations with Small-and Medium-Sized Businesses** – Industry standards for bank dealings with small- and medium-sized businesses.

**Online Payments** – Industry and consumer practices and responsibilities related to the use of Interac Online.

**Plain Language Mortgage Documents – CBA Commitment** – A commitment to ensure the readability of residential mortgage documents.

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**Principles of Consumer Protection for Electronic Commerce: A Canadian Framework** – A guide to protecting consumers in online transactions.

**Undertaking: Principal Protected Notes Regulations** – A commitment to provide cancellation rights to consumers who purchase principal protected notes by electronic means or by telephone.

**Undertaking on Unsolicited Services** – Industry standards related to the marketing and provision of new unsolicited services and the provision of modified or replacement services.

**VISA E-Promise** – A commitment to assist consumers in getting their money back for unsatisfactory purchases made online, by phone or by mail.

**VISA Zero Liability Policy** – A commitment that consumers will pay nothing for certain fraudulent credit card transactions.

**Voluntary Commitment – Reduced Cheque Hold Periods** – A commitment to reduce the maximum cheque hold period.

## ***SCOTIA SECURITIES INC. CUSTOMER RELATIONSHIP DISCLOSURE***

### **1. The Advisory Relationship**

We are committed to providing advice that will help our customers reach their financial goals. When you consult with a Scotia Securities Inc. (SSI) mutual fund representative you will be provided with investment product recommendations that are suitable for your account. The suitability of an investment product is determined by the information that we receive from you and record in the *Scotia* Investment Selector. The information used to evaluate product suitability is – Age, Income, Net Worth, Investment Experience and Knowledge, Time Horizon, Investment Objective and Risk Tolerance. If your information changes you should immediately communicate the changes to a mutual fund representative. This information should be reviewed with your SSI mutual fund representative on a yearly basis. If such a review has not taken place within the past twelve months, SSI reserves the right to restrict additional transactions in your account. It is your decision to accept the advice of a representative and provide investment directions. It is your option to not accept advice and provide alternative investment directions. We will only provide you with investments that you have directed us to provide. If you wish to purchase investments that are not recommended and are unsuitable for your account you will have to accept the risk of the unsuitable investment and complete a Customer Initiated Trade form. When you purchase mutual funds or other investments from SSI, you are dealing with employees of SSI who may also be employed by The Bank of Nova Scotia and who may sell other Scotiabank financial products and services. Activities conducted on behalf of The Bank of Nova Scotia are not the business or responsibility of SSI.

### **2. Products and Services Offered**

We help our customers reach their goals by providing investment advice and a broad selection of accounts and investment products. Services are provided and investment advice is available at Scotiabank branches, through *Scotia OnLine*<sup>®</sup> or by telephone. SSI offers a range of accounts, including, registered saving accounts, registered income



accounts, tax free savings accounts, disability savings plans, registered education savings plans and investment accounts. Complete details of the types of accounts available are provided in this booklet. Your purchases may be funded by transfers from your Scotiabank account. In addition, you may fund your account through Pre-Authorized Contributions from your Scotiabank account or an account at another financial institution. SSI does not accept cash or cheques from customers. SSI sells mutual fund products managed by 1832 Asset Management L.P. and Scotiabank guaranteed income certificates. 1832 Asset Management L.P. manages both ScotiaFunds and Dynamic Funds. SSI will accommodate the transfer-in of most other mutual fund products. Scotia Securities Inc. and the general partner of 1832 Asset Management L.P., a limited partnership, are wholly owned by The Bank of Nova Scotia.

### 3. Investment Product Suitability and the *Scotia* Investment Selector

Mutual fund representatives are required to provide investment product recommendations that are suitable for your account. We will also determine the suitability of:

- a) Investment products that are transferred in to your account;
- b) Investment purchases that you initiate, and;
- c) Investment products in your account after you update and change the information provided in the *Scotia* Investment Selector.

The *Scotia* Investment Selector (SIS) collects the information that allows a mutual fund representative to provide suitable investment recommendations. It is important that you understand the definition of the terms used in the SIS. Please review your SIS carefully and ensure you have correctly identified your Income, Net Worth, Investment Experience and Knowledge, Time Horizon, Investment Objective and Risk Tolerance. The definitions of all of these terms are provided in the SIS.

### 4. Personal Portfolio Statement (PPS)

SSI will provide you with a Personal Portfolio Statement as of the end of every calendar quarter. The PPS will show all account activity in each of your SSI accounts. Your PPS will provide the following information:

- a) the type of account, the account number and account contact information,
- b) the period covered by the statement,
- c) the opening balance; all debits and credits; the closing balance,
- d) the quantity and description of each investment purchased, sold or transferred and the dates of each transaction, and,
- e) the quantity, description and market value of each investment in the account.
- f) the book value of your holdings

SSI offers paperless PPS delivery to *Scotia OnLine* customers, an environmentally friendly way to avoid potential delays that can be experienced when delivering through the mail.

SSI will also provide you with written confirmation of mutual fund transactions. For pre-authorized or automatic transactions, confirmation will only be provided for the

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initial transaction. Confirmation will be provided promptly after the settlement of the transaction.

#### 5. **Transaction Charges, Mutual Fund Fees, Expenses, Compensation and General Information**

You do not pay a sales commission when you buy, switch or sell mutual fund products managed by 1832 Asset Management L.P. through SSI. However, if you sell or switch within 31 days of purchase you may be charged a short term trading fee. If you switch or sell a fund managed by a third party there may be sales charges or redemption fees collected by the third party fund manager. 1832 Asset Management L.P., and third party fund managers pay trailing commissions to SSI. Mutual Fund managers are required to publish a simplified prospectus and Fund Facts document for a mutual fund. Mutual fund fees, expenses and dealer compensation for each mutual fund are disclosed and explained in the simplified prospectus and Fund facts document. The ScotiaFunds simplified prospectus is available at [www.scotiafunds.com](http://www.scotiafunds.com). The Dynamic Funds simplified prospectus is available at [www.dynamic.ca](http://www.dynamic.ca).

#### 6. **Operating Charges and Account Fees**

We charge fees in relation to the operation of your account and the transfer of your account to a financial institution that is not a member company within Scotiabank. All of the operating charges and fees associated with an SSI account are outlined in this booklet under the heading “Fees for your Account”. All operating charges and fees are subject to the applicable federal, provincial and/or harmonized sales taxes.

#### 7. **Investment Performance Benchmarks**

You may assess the performance of your investments by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks. When selecting a benchmark care must be taken to choose a benchmark that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. The S&P/TSX Composite Index would be a good benchmark for assessing performance of a Canadian Equity fund that only invests in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas. We do not provide benchmark comparisons in our account reporting.

## **Referral Disclosures**

### **Referral Arrangements**

You may have been referred to Scotia Securities Inc. (“SSI”) by another member of the Scotiabank group. Or, you may have been referred by SSI to another member of the Scotiabank group that is qualified and registered to offer you products or services not offered by SSI. The purpose of these referrals is to introduce you to experts within the Scotiabank group who are best suited to help you achieve your financial goals. A brief description of the members of the Scotiabank group who may have referred you to SSI and to whom you may be referred, and the general nature of the services each provides, is set out below.

- **Scotia Capital Inc.** is a registered investment dealer in all provinces and territories of Canada that provides investment advisory, securities trading, financial planning, and

related services to individual and non-individual clients through its full-service brokerage division, ScotiaMcLeod and electronic securities trading services through its online, self-directed, non-advisory brokerage division, Scotia iTRADE®.

- **Scotia Securities Inc.** is an MFDA registered dealer that offers proprietary mutual funds and other investment products, such as Guaranteed Investment Certificates to Scotiabank clients.

### **Fees for Referral Services**

A referral fee may be paid or received, directly or indirectly, by a member of the Scotiabank group, or by a referring employee of a member of the Scotiabank group. The amount of any referral fee paid or received for referral services will not affect the fees paid or payable by you. Particulars of the referral arrangements involving SSI, and fees paid or received in respect of its referral arrangements, are provided below. If you would like more information on these referral arrangements, do not hesitate to ask your SSI representative. Our goal is to ensure that you have a rewarding experience working with us and that our services are tailored to your needs.

### **Current Referral Arrangements Involving SSI**

#### **By SSI to Scotia iTRADE**

A SSI Investment Specialist will receive a one-time payment for a referral to Scotia iTRADE that results in a Scotia iTRADE account being opened, equal to 8 basis points on the amount of assets transferred to the new Scotia iTRADE account from outside the Scotiabank Group within the first 6 months from the date of opening the account or on the amount of funds in the new Scotia iTRADE account 6 months after the opening of the account, up to a maximum of \$8,000, subject to certain conditions. Scotia iTRADE shall reimburse SSI for referral fees paid by SSI to Investment Specialists in the circumstances described above.

### **Other Matters of Interest**

Policies and procedures have been adopted by the Scotiabank group to assist in identifying and addressing any conflicts of interest that may arise from these referral arrangements. Further information can be found in the SSI Statement of Policies at

**[www.scotiabank.com/regulatorydisclosures](http://www.scotiabank.com/regulatorydisclosures)**

A referral fee may also be paid if a referral arrangement is entered into between SSI and a person or entity outside of the Scotiabank group. As with referral arrangements between SSI and other members of the Scotiabank group, details of these referral arrangements, including the manner in which the referral fee for referral services is calculated and the party to whom it is paid, will be provided to referred clients. All services resulting from a referral arrangement relating to your account which require registration under applicable securities laws will be provided by the registrant receiving the referral.

### **Statement of Related Registrants**

A dealer which is registered in Ontario and has a principal shareholder, officer or director that is a principal shareholder, officer or director of another registrant may have a conflict of interest. Consequently, we are disclosing to you our relationship to other registrants in which The Bank of Nova Scotia has either at least a 10% ownership of the registrant or has at least a 10% ownership in an entity that controls the registrant.

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The following is a list of registrants under the *Securities Act* (Ontario) which are wholly owned, directly or indirectly, by The Bank of Nova Scotia:

- 1832 Asset Management
- Jarislowsky, Fraser Limited
- MD Financial Management Inc
- MD Management Limited
- Scotia Capital Inc.
- Scotia Managed Companies Administration Inc.
- Scotia Securities Inc.
- Tangerine Investment Funds Limited
- Tangerine Investment Management Inc.

Although Scotia Securities Inc. is under common ownership with the other registrants and may from time to time have directors and officers in common with the other registrants, Scotia Securities Inc. is a separate and distinct corporate entity.

We generally carry on our activities independent of the other registrants. However, from time to time, there may be certain co-operative business arrangements between us and the other registrants. These include arrangements related to referral of clients, distribution of products or administrative support.

In addition to applicable regulatory and contractual provisions respecting any business arrangements that may exist between Scotia Securities Inc. and the other registrants, the directors, officers and employees of each of the registrants are subject to internal Guidelines or Codes of Conduct governing their actions. The Guidelines are supplemented by our internal compliance policies and procedures.

### **SSI Disclosure and Agreement Respecting an Equity Interest in Certain Mutual Funds**

National Instrument 81-105 on Mutual Fund Sales Practices, made by Canadian securities regulators, requires that Scotia Securities Inc. (SSI) disclose to customers any equity interest that SSI or its associates has in any member of the organization of mutual fund that it may sell to the customer and obtain customer agreement to trade in such funds.

*ScotiaFunds* are managed by 1832 Asset Management L.P. and are available from SSI. SSI and the general partner of 1832 Asset Management L.P., a limited partnership, are wholly owned by The Bank of Nova Scotia.

1832 Asset Management L.P. is the manager of the DPF India Opportunities Fund and families of funds known as the Dynamic Funds, Dynamic Hedge Funds, Dynamic Pooled Funds, Dynamic Protected Funds, Dynamic Venture Opportunities Fund Ltd. and the Marquis Investment Program (collectively, the “Dynamic Funds”).

Tangerine Bank is wholly owned by the Bank of Nova Scotia. Tangerine Investment Management Inc., a wholly owned subsidiary of Tangerine Bank, is the manager of the following funds: *Tangerine Balanced Income Portfolio*, *Tangerine Balance Portfolio*, *Tangerine Balanced Growth Portfolio*, *Tangerine Dividend Portfolio* and *Tangerine Equity Growth Portfolio* (collectively, the “*Tangerine Funds*”).

SSI may from time to time offer to sell units of *ScotiaFunds* to the Customer, or, accommodate units of certain mutual funds from the Tangerine Funds, and the *Dynamic Funds* for the Customer. The Customer agrees to trading such funds to the extent that the Customer may from time to time instruct SSI to do so.

### **If You Purchase Mutual Funds With Borrowed Funds**

Here are some risks and factors that you should consider before borrowing to invest: Is it Right for You?

Borrowing money to invest is risky. You should only consider borrowing to invest if:

- You are comfortable with taking risk.
- You are comfortable taking on debt to buy investments that may go up or down in value.
- You are investing for the long-term.
- You have a stable income.

You should not borrow to invest if:

- You have a low tolerance for risk
- You are investing for a short period of time.
- You intend to rely on income from the investments to pay living expenses.
- You intend to rely on income from the investments to repay the loan. If this income stops or decreases you may not be able to pay back the loan.

You Can End Up Losing Money

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.
- Whether your investments make money or not you will still have to pay back the loan plus interest.
- You may have to sell other assets or use money you had set aside for other purposes to pay back the loan.
- If you used your home as security for the loan, you may lose your home.
- If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

Tax Considerations

- You should not borrow to invest just to receive a tax deduction.
- Interest costs are not always tax deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest.

Your advisor should discuss with you the risks of borrowing to invest.

### **Trade Settlement in your Scotia Securities Inc. Account**

Investment purchases and sales in your Scotia Securities Inc. account will settle according to generally accepted industry practice and, if applicable, as specified in the mutual fund trade confirmation you receive shortly after your trade has been accepted. The normal settlement date is prescribed as the following number of business days after the trade date (T):

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- Cash, High Interest Savings and GICs – same day as the transaction takes place
  - Money market/cash equivalent mutual funds and mutual fund switches within the same fund family (T+1) – One business day after the trade date
  - All other mutual funds (T+2) – Two business days after the trade date. For example, if you buy (or sell) a mutual fund with a T + 2 settlement on Monday, the settlement date will be Wednesday. The T or trade date is counted as a separate day.

When you place an investment sales order, cash will not be available in your account until settlement day, which depending on the investment sold may range from same day or up to two business days following trade date. If you are removing cash from your SSI plan, the cash will be available for use in your Scotiabank account on the same day as the request. However, if you require the funds at a different financial institution, it may take up to five (5) business days.

Trade date refers to the date that a mutual fund order is accepted by a mutual fund company. There is a daily cut-off time for trading (generally Monday to Friday, before 4 PM and before 3PM for orders that require manual processing). Trades received on a business day after the daily cut-off time for orders will always receive a trade date of the following business day. Note that trades which must be completed before year end must be made to allow two business days for settlement.

### **Scotia Securities Inc. (SSI) Dealer Interest Rate Policy**

Interest is paid on Investment Cash. Investment Cash is cash on deposit (both CDN cash and USD cash) in SSI Dealer investment accounts. The rate of interest paid on Investment Cash is variable. The interest rate paid on Investment Cash is published at [www.scotiabank.com](http://www.scotiabank.com) and is available from any Scotiabank branch in Canada. From time to time there may be special or promotional rates. Interest is calculated daily on the closing balance and paid monthly. During a leap year, interest is earned on the leap day. Upon account closure, interest is paid on any account balance held for less than a full month.

### **Scotia Securities Inc. (SSI): Scotia Investment Accounts, Scotia Registered Accounts or Scotia Tax-Free Savings Account with Petty Balances**

Scotia Securities Inc., in its capacity as a mutual fund dealer, reserves the right to close any of your Scotia Investment Accounts, if there have been no customer initiated transactions in the account for two years and the remaining assets in your Account(s) are valued at less than \$50 (CDN\$ or US\$). The remaining assets will be used to offset ongoing maintenance costs, such as those levied by our service providers or incurred for account administration and reporting.

In addition, Scotia Securities Inc., in its capacity as a mutual fund dealer, reserves the right, if there have been no customer initiated transactions in your Scotia Registered Account for two years and the remaining assets in your Account(s) are valued at less than \$50 (CDN\$ or US\$), to charge a fee of \$50.00 (CDN\$ or US\$) against the remaining assets in your account. If the account holds less than the amount of the fee, the balance available in the account will be debited in full satisfaction of the fee. The fee will be used to offset ongoing maintenance costs, such as those levied by our service providers or incurred for account administration and reporting. Subsequent to the fee being collected the account will be closed.

## ***ABOUT THE INVESTMENT AGREEMENTS***

This Investment Companion Booklet contains the following Agreements that describe the terms and conditions pertaining to your *Scotia* Investments:

- Account Application Agreement.
- Investment Directions Agreement.
- Scotiabank Privacy Agreement.
- Telephone/Facsimile/E-Mail Agreement.

Unless otherwise specified in these agreements the terms “*you*” or “*your*” refer to:

- the customer(s) or account holder(s) if you own a *Scotia* Investment Account or a *Scotia* Tax-Free Savings Account, or
- the annuitant owning the investment account or the person(s) authorized to manage the investment account in the case of a *Scotia* Registered Account (excepting a *Scotia* Tax-Free Savings Account).

If you have a *Scotia* Registered Account the terms “*we*”, “*our*” and “*us*” refer to The Bank of Nova Scotia Trust Company (Scotiast), The Bank of Nova Scotia and Scotia Securities Inc. and each of their successors, as appropriate. If you hold a *Scotia* Investment Account or *Scotia* Tax-Free Savings Account with Scotia Securities Inc. as Dealer the terms “*we*”, “*our*” and “*us*” refer to Scotia Securities Inc. If you have a *Scotia* Investment Account or *Scotia* Tax-Free Savings Account with The Bank of Nova Scotia as Dealer the terms “*we*”, “*our*” and “*us*” refer to The Bank of Nova Scotia .

If you hold *Scotia* GICs or high interest savings in your account the terms “*we*”, “*our*” and “*us*” also refer to the member of Scotiabank that issued the GIC or high interest savings (the “issuers”), as appropriate:

- The Bank of Nova Scotia
- Scotia Mortgage Corporation
- Montreal Trust Company of Canada
- National Trust Company

Montreal Trust Company has been amalgamated with Montreal Trust Company of Canada and Victoria & Grey Mortgage Corporation has been amalgamated with National Trust Company. All outstanding GICs issued by Montreal Trust Company and Victoria & Grey Mortgage Corporation will be converted to other issuers at maturity.

If you have a *Scotia* Registered Account with Scotia Securities Inc. as your dealer, Scotia Securities Inc. is acting as the agent for Scotiast. If you have a *Scotia* Registered Account with The Bank of Nova Scotia, The Bank of Nova Scotia is acting as agent for Scotiast.

**Note:** We will give you a copy of this booklet when you first setup a *Scotia* Investment or Registered Account. We will not give you any subsequent copies of this booklet. This booklet is regularly updated; a current version is available from any Canadian Scotiabank branch, or online at [www.scotiabank.com](http://www.scotiabank.com). The Agreements in this booklet, as amended from time to time, apply to this and any future investment transactions you have with us.

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## An Overview of the Terms and Conditions

By signing the appropriate application, investment directions, withdrawal directions, pre-authorized contribution, inter-option transfer, or inter-fund transfer instructions forms, you acknowledge, confirm and understand that:

- You agree to be bound by the terms and conditions outlined in the Agreements section of this Booklet as they apply to you, as amended from time to time.
- You understand and authorize Scotia Securities Inc., with regard to mutual funds, other securities and deposit instruments (“Investments”) that may be held in your Scotia Securities Inc. account from time to time, to register Investments in the name of Scotia Securities Inc. or in the name of a nominee of Scotia Securities Inc. You appoint us as your agent to undertake transactions in Investments, with power to buy and sell Investments and advance and disburse cash on your behalf in accordance with your instructions.
- When dealing with The Bank of Nova Scotia as a “Dealer” and with respect to your investment account, GICs are held in a similar manner and you provide to us the same authorities as noted above.
- We will maintain a record of all investment positions resulting from activity on your *Scotia* Investment Account, *Scotia* Tax-Free Savings Account, *Scotia* Registered Disability Savings Plan and your *Scotia* Registered Account.
- We will credit your investment account the net amount of any interest or dividend, proceeds of sale or other amount received in respect of investments held in the account and will debit from the account all amounts owed to us under the terms and conditions of the agreements between us.
- We may communicate with you by mail, e-mail, fax and telephone or through any other means that we may permit from time to time. If we communicate with you by mail, any notices will be sent to the last address we have on file for you. You may change your address by giving your branch notice in writing. You can give us notice by mailing it, postage paid, to your branch. If we want you to give notice to another branch, we will tell you in writing. Your notice to us is effective only when your branch receives it. If you give us your e-mail address, you consent to us sending you notice by electronic means. You will promptly advise us of any change in your address and any other contact information.
- We have the right, without providing any notice or reasons to you, to decline to accept or execute any order, direction or request from you.
- We will provide you with a formal Statement of Account as of the end of every quarter which will indicate account activity initiated by yourself or us to meet the needs of the investment account.
- We will send you the appropriate tax slips according to your investment account activity in relation to the type of account and investments you hold.
- You understand that any form that you have signed is governed by the law of the jurisdiction in which your branch is located.
- You will promptly advise Scotia Securities Inc. as “Dealer” of your investment account of any significant changes to any previous information provided to Scotia Securities Inc. about your time horizon, investment objective, risk tolerance and financial circumstances.



- You will make the decision on what actions are to be taken and provide specific authorization for each investment transaction.
- You will monitor your account and holdings and inform us if you would like to initiate any changes.
- You will review each trade confirmation, account activity report, statement of account and other information about your account that we send to you.
- You will inform us within 45 days of the date of the record of any perceived errors or omissions or if you otherwise do not agree with the information shown in the records sent to you.
- You acknowledge receipt of the Telephone/Facsimile/E-Mail Agreement and agree that its terms and conditions contained in this booklet will apply to your dealings with us.
- You acknowledge receipt of the Scotiabank Privacy Agreement and agree that its terms and conditions contained in this booklet will apply to your dealings with us.
- If you live in Québec, you have expressly requested that your Application and all documents and notices relating to it be in English. Au Québec, les parties conviennent et exigent expressément que ce contrat ainsi que tous documents et avis émis en vertu de celui-ci ou y rattachant soient rédigés en anglais.

## ***ACCOUNT APPLICATION AGREEMENT***

### **For Scotia Registered Accounts (*Scotia* RSP, ESP, LRSP, LIRA, RIF, LIF, LRIF, PRIF, RLIF, TFSA and DSP) and Investment Accounts.**

Your signature on the *Application* confirms that all the information provided by you is true, complete and is accurate. You also acknowledge and confirm that you understand and agree to the following:

- If Scotia Securities Inc. is the “Dealer” of your account you are asking us to open an account with Scotia Securities Inc.
- If The Bank of Nova Scotia is the “Dealer” of your account you are asking us to open an account with The Bank of Nova Scotia.
- If you are applying for a *Scotia* Registered Account you are applying to Scotiatrust to establish a *Scotia* RSP, LRSP, LIRA, RLSP, RIF, LRIF, PRIF, LIF, RLIF, TFSA or DSP as indicated in the *Application*. You are asking The Bank of Nova Scotia Trust Company (Scotiatrust®) to act as trustee of your plan, as outlined in the *Declaration of Trust* and the *Addendum*, if there is one, and agree to be bound by those terms.
- If you are applying for a *Scotia* Education Savings Plan, you are applying to The Bank of Nova Scotia (Scotiabank) as promoter of the *Scotia* Education Savings Plan to establish a *Scotia* Education Savings Plan as indicated in the *Application*. You are asking Scotiatrust® to act as trustee of your plan, as outlined in the *Terms and Conditions* and agree to be bound by those terms.
- Scotiatrust will have no obligation to provide any investment advice in connection with the purchase, retention or sale of any investment by your *Scotia* Registered Account.
- If you transfer funds from your *Scotia* Registered Account to another financial institution including ScotiaMcLeod® and ScotiaiTRADE®, you are solely responsible for providing the receiving financial institution with any designations of beneficiary.

If you have set up a Bank the Rest Savings Program to a TFSA, the terms of the agreement are governed by the *Application* Form, Day-to-Day Companion Booklet and the sections of the booklet that pertain to the TFSA.

- If you have a *Scotia* Registered Account, the assets in your account may only be released on your instructions and as described in the terms of the *Declaration of Trust*, or in the case of a *Scotia* Education Savings Plan, as described in the *Terms and Conditions*.
- If your plan is a Spousal RSP or RIF, you hereby request that all income tax contribution receipts be prepared in the name of your spouse. In addition, we will take instructions only from you with respect to all matters regarding the RSP or RIF.
- You acknowledge that if you designate a beneficiary for your *Scotia* RSP, LRSP, LIRA, RLSP, RIF, LIF, LRIF, RLIF, or a successor holder for your TFSA, by means of the *Application*, the designation will not be revoked or changed automatically by any future marriage or divorce. If you wish to change your beneficiary you will have to do so by means of a new designation.
- If your plan is a *Scotia* Education Savings Plan, RSP, TFSA or Disability Savings Plan you understand that a penalty tax in accordance with the *Income Tax Act* (Canada) will be imposed on any contributions to the Plans over the permitted maximum contributions.
- If your plan is a *Scotia* Disability Savings Plan, you must notify us when the beneficiary is not resident in Canada. The information will be used by CRA to validate the beneficiary's residency and DTC eligibility and that these validations will be shared with the issuer. The information collected and under control of the CRA and ESDC will be administered in accordance with the *Privacy Act*, the *Income Tax Act* (Canada), the *Canada Disability Savings Act* and the *Department of Social Development Act*; The Holder(s) are jointly liable with the beneficiary (or the beneficiary's estate) for taxes in connection with the deregistration of the non-compliant plan.
- If your plan is a *Scotia* Education Savings Plan, you are aware of the following information about the final contribution year and plan termination year (i.e. up to December 31):

Table of Final Contribution Year\* and Termination Year\*\* for Scotia ESPs

YEAR OPENED	FINAL CONTRIBUTION YEAR	PLAN TERMINATION YEAR
2018	2050	2054
2019	2051	2055
2020	2052	2056
2021	2053	2057
2022	2054	2058
2023	2055	2059
2024	2056	2060
2025	2057	2061
2026	2058	2062
2027	2059	2063

\* For a Family Plan, the subscriber can make contributions on behalf of each beneficiary until either the beneficiary has reached age 31, or up to December 31st of the 31st year following the year in which the plan was opened, whichever is earlier. The table gives the latter date as

the final contribution date. For an Individual Plan the subscriber may make contributions up to December 31 of the 31st year following the year in which the plan was opened, regardless of the beneficiary's age.

**\*\*Both a Family Plan and/or an Individual Plan must be terminated no later than December 31st of the 35th year following the year in which the plan was opened.**

### **If You are Opening a Joint Investment Account**

You understand and agree to the following:

- If your survivor arrangement instruction is “Joint With Right of Survivorship” (JTWROS), you agree jointly and severally that each of you is entitled without notice to any other person to give us instructions and provide information for this account as if you are the sole owner of the account, unless the signing authority instructions you give us provide otherwise. This includes the ability to:
  - purchase, withdraw and trade in mutual funds, GICs and any other investments to be held in the account including the receipt and payment of monies from the account.
  - complete and sign all account related forms, including, providing and updating account information, and in particular, completing and signing a *Scotia* Investment Selector form and/or any other form required to trade in or purchase investment products for the account.
  - receive demands, notices, confirmations, reports, statements and any other communications from us.
  - make, cancel, waive or change instructions with us, and
  - deal with us in any other manner in connection with this account.
- If one of you dies, the surviving owner(s) or a representative of the estate of the deceased owner must advise us promptly. If the survivor arrangement instruction is JTWROS, we will require proof of death before we deal further with the account. Upon receipt of appropriate proof of death, we will hold the investments in the account in the name(s) of the surviving owner(s). Alternatively, the investments may be redeemed and disbursed as directed by the surviving owner(s).
- If your survivor arrangement instructions is “Tenants in Common” or “Joint Holders”, you agree that all of you jointly and not independently must give us instructions to operate this account, unless otherwise stipulated by the signing authority instructions you give us. We will require proof of death and valid estate documentation before we will deal further with the account. Upon receipt and after review of the appropriate proof of death and valid estate documentation, we will disburse the deceased's share of the investments to the deceased's estate and the remaining share will be disbursed to the surviving owner(s).
- The instructions given by you will remain in force and can be relied upon by us until we receive written notice from any of you, in the case of JTWROS, and from all of you, in the case of Tenants in Common or Joint Holders, that the instructions are cancelled.

For more information on ownership and survivor arrangements, refer to the “Ownership, Survivor Arrangements and Signing Authorities” section of this booklet.

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## **If you are Opening an Estate Account (Non-personal account)**

You understand and agree to the following:

- Where probate documents are not required, you confirm that you have searched the Deceased's records and have not found any subsequent Last Will and Testament or codicil modifying that provided to us (or in intestate situations, no Last Will and Testament or codicil).
- Where probate documents are not required, you certify that the Deceased had not married or divorced since the date of the Last Will and Testament or codicil provided to us (if any).
- You declare that you are authorized to open and operate this account on behalf of the Estate and that you have the power and authority to invest or trade in mutual fund securities and other securities and wish to open the above account.
- To indemnify us against any claims, demands, actions, suits, proceeding, assessments, losses, damages, costs, expenses, and disbursements which may arise as a result of the operation of this account, except if caused by our negligence.
- The estate documents that are required to accompany the standard account opening forms for this account have been produced or will be produced promptly upon request.

**You acknowledge and understand that we reserve the right to ask for the production of documents in the future that may have been waived due to the value of the account or otherwise.**

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## ***INVESTMENT DIRECTIONS AGREEMENT***

### **For Scotia Registered Accounts (*Scotia RSP, RESP, LRSP, LIRA, RIF, LIF, LRIF, PRIF, RLIF, TFSA and RDSP*) and Investment Accounts.**

Your signature on the *Investment Directions* or the applicable investment form confirms that all the information provided by you is true, complete and accurate. You also acknowledge and confirm that you understand and agree to the following:

- When providing investment instructions to The Bank of Nova Scotia as “Dealer” of your *Scotia* Registered Account, you are directing and authorizing The Bank of Nova Scotia, as agent for The Bank of Nova Scotia Trust Company (Scotiastrust), to process transactions including deposits and withdrawals to the Investment Cash and/or high interest savings portion of your *Scotia* Registered Account and you are instructing the applicable issuer to make GIC purchases, redemptions and transfers, and/or high interest savings deposits, withdrawals and transfers, as applicable.
- When providing investment instructions for your *Scotia* Investment Account you are directing and authorizing The Bank of Nova Scotia as “Dealer” to process transactions including deposits and withdrawals to the Investment Cash and/or high interest savings portion of your investment account and you are instructing the applicable issuer of the GIC to make purchases, redemptions and transfers, and/or high interest savings deposits, withdrawals and transfers, as applicable.
- When providing investment instructions to Scotia Securities Inc., as “Dealer” of your *Scotia* Registered Account, you are directing and authorizing Scotia Securities Inc., as agent for Scotiastrust, to process transactions including deposits and withdrawals to the Investment Cash portion of your account and mutual fund purchases, redemptions, switches and transfers. You are also instructing the applicable issuer of the GIC and/or high interest savings to purchase, redeem or transfer GICs, and/or deposit to, withdraw from or transfer high interest savings, as applicable.
- When providing investment instructions for your *Scotia* Investment Account you are directing and authorizing Scotia Securities Inc. as “Dealer” to process transactions including deposits and withdrawals to the Investment Cash portion of your investment account and mutual fund purchases, redemptions, switches and transfers. You are also instructing the applicable issuer of the GIC and/or high interest savings to purchase, redeem or transfer GICs, and/or deposit to, withdraw from or transfer, and/or deposit to, withdraw from or transfer high interest savings, as applicable.
- Scotia Securities Inc., as “Dealer” of your *Scotia* Account, has a daily cut-off time for receipt of mutual fund orders (generally Monday to Friday, before 4 PM EST and before 3PM EST for orders that require manual processing), so that any orders received after that time will not be submitted to mutual fund companies until the following business day and, as a result, will be valued using that day’s prices.
- If you have purchased an eligible *Scotia* GIC, we acknowledge that we have received the principal amount as set out on the applicable investment purchase form and we will pay the guaranteed interest on the principal at the rate and frequency specified.

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- Only deposits made in Canadian currency having a term of 5 years or less and payable in Canada are eligible for deposit insurance from Canada Deposit Insurance Corporation. See the Scotiabank Deposit Register, available at any branch of The Bank of Nova Scotia, for clarification.
  - If you have any *Scotia* Investment Accounts, including any purchased non-registered GICs, we can deduct from this investment any amounts that you owe to any member of Scotiabank.
  - When an eligible *Scotia* GIC is redeemed using a penalty interest rate, any interest paid to you or credited to you will be reduced. This Penalty Amount is calculated using the difference between the certificate rate and the redemption rate applied to the redemption amount from the GIC issue date to the redemption date. The Penalty Amount will be reported to you on the Tax Summary that is attached to the tax slip generated for the income earned on investments in your account at the end of the year. If the Penalty Amount applies to income reported in the current year it will be netted against any income reported. If the Penalty Amount applies to income reported in a previous year it will not be netted against any income reported. You are advised to consult your tax or legal advisor about the impact of a Penalty Amount on previous years' income.
  - If you redeem:
    - all your investments and mutual funds,
    - a mutual fund investment by selecting a dollar amount, or,
    - a mutual fund investment by selecting units,

the redemption amount reported on the Investment Directions will be an estimated value.

- If you redeem or switch a mutual fund investment and charges or fees are applied, the redemption amount reported on Investment Directions is the gross amount and has not been reduced for any applicable charges or fees.
- When a transfer of ownership is processed on a simple interest GIC any interest owing (up to the date of transfer) will be credited to the relinquishing account holder's cash portion of the investment account. Interest earned from the date of ownership transfer will accrue to the new owner.
- When a transfer of ownership is processed on a compound interest GIC no interest will be credited to the relinquishing account holder(s). All interest will be paid to the new owner when the GIC matures.
- Transfer of ownership cannot be completed on a GIC with "equal pay" option.
- For contributions to your *Scotia* Registered Account, you are solely responsible for determining the maximum annual contribution which you can claim as a deduction under applicable tax legislation.
- All persons responsible for signing on this account have signed the Investment Directions. You will inform us of any change to this information.

### **If You Purchased a Scotiabank Index Powered GIC, Scotiabank Equity Powered GIC or Scotiabank Market Linked GICs**

By purchasing the Scotiabank Index Powered GIC, Scotiabank Equity Powered GICs or Scotiabank Market Linked GICs you acknowledge the following disclaimers:

If you have purchased a Scotiabank Index Powered GIC, a Scotiabank Equity Powered GIC - Canadian Growth, a Scotiabank Equity Powered GIC - American Growth, or Scotiabank Equity Powered GIC - Global Growth and subsequently transferred it to one or more different owners during the interim period (between the issue date and the strike date), the interest is calculated, paid and reported for tax purposes to both old and new owner(s) based on the number of days those GICs were owned by both as of the transfer date.

If you have purchased a Scotiabank Index Powered GIC or Scotiabank Market Linked GICs and subsequently transferred it to one or more different owners during the full term of those GICs (after the strike date), the interest is calculated, paid and reported for tax purposes to the new owner(s).

You also acknowledge and understand that it is the responsibility of every owner, regardless of whether he or she owned the Scotiabank Index Powered GIC, Scotiabank Equity Powered GIC or Scotiabank Market Linked GICs before or after the transfer date, to account for the interest earned on those GICs in the appropriate manner to the Canada Revenue Agency.

### **If you set up a Bank the Rest to a Tax-Free Savings Account (BTR to TFSA)**

Your signature on the Bank the Rest Savings Program Investment Instructions form confirms that all the information provided by you is true, complete and accurate. You also acknowledge and confirm that you understand and agree to the following:

- If The Bank of Nova Scotia is the “Dealer” of your *Scotia* TFSA you are directing and authorizing The Bank of Nova Scotia as agent for The Bank of Nova Scotia Trust Company (*Scotiastrust*) to debit your specified Money Master® Savings Account on the 1st business day of the following month for the total BTR savings and to make a deposit to the Investment Cash or high interest savings portion of the TFSA.
- If Scotia Securities Inc. is the “Dealer” of your *Scotia* TFSA you are directing and authorizing Scotia Securities Inc. as agent for Scotiastrust to debit your specified Money Master Savings Account on the 1st business day of the following month for the total BTR savings and to make a deposit to the Investment Cash portion of the TFSA.
- Your authorization will remain in effect until you inform us in writing, of any changes in your account information, or you cancel this authorization prior to the 1st business day of the following month. You can cancel this authorization at any time. You understand that termination of this authorization does not affect your obligation to make payment for purchases for which you have contracted.

### **If you set up a Pre-Authorized Contribution (PAC)**

Your signature on the *Investment Directions* or the applicable *Pre-Authorized Contribution Instructions* form confirms that all the information provided by you is true, complete and accurate. You also acknowledge and confirm that you understand and agree to the following:

- 
- If The Bank of Nova Scotia is the “Dealer” of your *Scotia* RSP you are directing and authorizing The Bank of Nova Scotia as agent for Scotiatrust to debit your account for the amount indicated on the front of the applicable form to make deposits to the Investment Cash or high interest savings portion of your investment account or to purchase a *Scotia* Non- Redeemable GIC.
  - If The Bank of Nova Scotia is the “Dealer” of your *Scotia* Account you are directing and authorizing The Bank of Nova Scotia to debit your deposit account for the amount indicated on the front of the applicable form to make deposits to the Investment Cash or high interest savings portion of your investment account.
  - If Scotia Securities Inc. is the “Dealer” of your *Scotia* Account you are directing and authorizing Scotia Securities Inc. to debit your deposit account for the amount indicated on the front of the applicable form to make deposits to your account, or to purchase mutual funds.
  - We will not purchase a GIC through a pre-authorized contribution. You will have to instruct us as to which GIC to purchase.
  - The debit charged to your account is considered as a funds transfer pre-authorized debt.

On the next business day we will invest this amount pursuant to your instructions at the interest rate in effect on the day this purchase is made for the term selected. Your authorization will remain in effect until you inform us, in writing, of any changes in your account information, or you cancel this authorization, in writing, at least 10 days prior to the next due date of a pre-authorized contribution. You can cancel this authorization at any time. You understand that termination of this authorization does not affect your obligation to make payment for purchases for which you have contracted. To obtain a sample cancellation form or to obtain more information on your right to cancel this authorization, contact Scotiabank through its Contact Centre at

**1-800-4-Scotia (472-6842)** or visit [www.cdnpay.ca](http://www.cdnpay.ca).

- If your plan is a *Scotia* RSP, these instructions will not be followed after December 31 of the year in which you turn age 71.
- If your contributions or deposits are returned due to “not sufficient funds (NSF)”, we may terminate this agreement.
- If the account you have specified to be debited is at another financial institution you agree that:
  - You will provide us with a void cheque for that account and inform us, in writing, of any change in the information for that account prior to the next due date of a pre-authorized contribution.
  - Your financial institution is to deal with such withdrawals as if they were signed by you and it need not verify that the payments are drawn in accordance with your authorization.



- Any withdrawals from your account will be reimbursed if the withdrawal was not made in accordance with your pre-authorized contribution instructions, your authorization is terminated or the withdrawal was posted to the wrong account due to invalid or incorrect account information supplied by The Bank of Nova Scotia, provided that if you give us notice within 90 days of the withdrawal.
- You have certain recourse rights if any debit does not comply with your authorization. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with your authorization. or your recourse rights, you may contact The Bank of Nova Scotia through its Contact Centre at **1-800-4-Scotia (472-6842)** or visit **[www.cdnpay.ca](http://www.cdnpay.ca)**.

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## **SCOTIABANK PRIVACY AGREEMENT**

Your privacy is important to Scotiabank. This Agreement sets out the information practices for Scotiabank in Canada, including what type of information is collected, how the information is used, and with whom the information is shared.

This Agreement may be amended from time to time. (See “Further Information”, below, for an explanation of how we will advise you of any future changes.)

In this Agreement, “we”, “our”, “us” and “Scotiabank” mean The Bank of Nova Scotia and any of its affiliates, subsidiaries, programs or joint ventures they participate in, with respect to their operations enterprise-wide. Scotiabank includes companies engaged in the following services to the public: deposits, loans and other personal financial services; credit, charge, debit and payment card services; full service and discount brokerage services; mortgage loans; trust and custodial services; insurance services; investment management and financial planning services; and mutual funds investment services; and services related to the above such as loyalty programs. “You” and “your” mean an individual who has made application to us for, enrolled in or signed an application in respect of any personal or business banking, insurance, brokerage or financial product or service offered by us (“Service”), including any co-applicants, guarantors, personal representatives, or an individual who participates in a Scotiabank contest, survey, event or has otherwise provided personal information to us.

### **Collecting, using and disclosing your information**

When you apply for, or provide a guarantee in respect of, or use any Service and while you are our customer, or when you participate in any contest, survey, event or otherwise provide us your personal information, you agree that we may collect your personal information from you and third party sources. Examples of information collected may include:

- Your name, address, telephone number, nature of your principal business or occupation and date of birth, all of which may be required by law;
- Identification, such as a valid driver's license or passport. We may also ask for documents such as a recent utility bill to verify your name and address;
- Your education, annual income, assets and liabilities and credit history;
- Information about your transactions, including payment history, account activity and how you intend to use the account or Service and the source of any incoming funds or assets;
- Information we may need in order to provide you with a Service such as health information if you are applying for certain insurance products. In some instances, providing this information is optional;
- Information about third parties such as your spouse if you are applying for certain Services, where this information is required by law; and
- Information about beneficial owners, intermediaries and other parties, which is required by law.

For legal entities such as businesses, partnerships, trusts, estates, clubs or other organizations,

we may collect the information referred to above from each authorized person, signatory, partner, trustee, executor and club member, as appropriate.

In addition, when you apply for, enrol in or use a Service, or participate in any contest, survey or event via a digital channel (such as online or mobile banking), we may collect information about your computer or device, operating system, internet connection or telephone account, settings, IP address and device locational data, browser information, and transaction data, as well as personal information as described above. We may collect, use, disclose and retain this information for the purposes described below, as well as to determine which settings are appropriate for your computer system, to provide or enhance digital functionality and banking options, and for security purposes, internal analysis and reporting. You may withhold consent to the collection, use and disclosure of this information, although in some cases this may prevent you from using the digital channel to apply for or use a Service or to communicate with us, or may reduce the functionality of that channel.

Scotiabank or its service providers may also use various web tools including Cookies (please see our Cookies Policy), Web Beacons and Tagging on our websites and advertisements to evaluate and improve our websites and other electronic offerings, tailor our services, enhance our customer experience and communicate with you regarding products and services that may be of interest.

- **Tagging** is a customized code on our websites that provide the ability to monitor user activity on Scotiabank websites. This software can be used to capture user activity to be used by us or a third party for analysis so that we can understand and enhance our user experience and provide further security controls.
- **Web Beacons** are small images embedded in our websites that, when combined with Cookies, help provide us with information about the use and effectiveness of our website.

We may collect your personal information, and use it, and disclose it to any person or organization, including any member of Scotiabank, for the following purposes:

- To confirm your identity;
- To understand your needs;
- To determine the suitability of our Services for you;
- To determine your eligibility for our Services;
- To set up, manage and offer Services that meet your needs;
- To provide you with ongoing Service;
- To provide you with various options for applying for and accessing Services;
- To satisfy legal and regulatory requirements that we believe are applicable to us, including the requirements of any self-regulatory organizations to which we belong;
- To help us collect a debt or enforce an obligation owed to us by you;

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- To respond to a local or foreign court order, search warrant or other demand or request which we believe to be valid, or to comply with the rules of production of a local or foreign court;
  - To manage and assess our risks;
  - To investigate and adjudicate insurance claims, other claims or complaints; and
  - To prevent or detect fraud or criminal activity or to manage and settle any actual or potential loss in connection with fraud or criminal activity.

1. When we collect your health information for the purpose of providing an insurance Service, we will use that information strictly for that purpose. (See below for more information.) We do not provide directly all the services related to your relationship with us. We may use third party service providers to process or handle personal information on our behalf and to assist us with various services such as printing, postal and electronic mail distribution and marketing (including by telephone and electronic means), and you acknowledge that we may release information about you to them. Some of our service providers are located outside of Canada. In addition, we may use personal information in Scotiabank locations outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the laws of these jurisdictions. When personal information is provided to our service providers, we will require them to protect the information in a manner that is consistent with Scotiabank privacy policies and practices.

2. We may collect, use and disclose your Social Insurance Number (SIN), as well as other information, for income tax reporting purposes and to fulfil other regulatory requirements, as required by law. In addition, we may ask you for your SIN to verify and report credit information to credit bureaus and credit reporting agencies as well as to confirm your identity. This allows us to keep your personal information separate from that of other customers, particularly those with similar names, and helps maintain the integrity and accuracy of your personal information. You may refuse to consent to its use or disclosure for purposes other than as required by law.

3. We may verify relevant information you give us with your employer or your references and you authorize any person whom we contact in this regard to provide such information to us. If you apply for or enrol in a Service and during the time you have the Service, we may consult various financial service industry databases, third parties (such as the Bank Crime Prevention and Investigation Office of the Canadian Bankers Association and the Investigative Services Division of the Insurance Bureau of Canada), or private investigative bodies maintained in relation to the type of Service you have applied for, enrolled in or have. You also authorize us to release information about you to these databases and investigative bodies.

4. You agree that we may monitor, record, and retain any telephone call or electronic communication we have with you. This is to establish a record of the information you provide, to ensure that your instructions are followed properly and to ensure customer service levels are maintained. Records of calls and electronic communications are destroyed when they are no longer required for business or other purposes, and any personal information is safeguarded in accordance with this Agreement.

5. Scotiabank may use video surveillance in and around our branches, bank machines and other locations for the purpose of safeguarding our clients and employees and protecting against theft, fraud and vandalism. Any video images recorded are destroyed when they are no longer required for business or other purposes, and any personal information is safeguarded in accordance with this Agreement.
6. If you have a Service with us, we may use, disclose to and collect from credit bureaus or financial service industry databases, credit and other information about you in order to offer you pre-approved credit products or margin facilities.
7. We may give information (except health information) about you to other members of Scotiabank (where the law allows this) so that these companies may communicate with you directly about their products and services. This consent will also apply to any companies that form a part of Scotiabank in the future. You also agree that we may provide you with information about or from third parties we select. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).
8. We may ask you for contact information such as your telephone, mobile or fax number or email address, and keep and use this information as well as disclose it to other members of Scotiabank so that we or any of these companies may contact you directly through these channels for the purpose of marketing, including telemarketing. This consent will also apply to any companies that form a part of Scotiabank in the future. Your consent to this is not a condition of doing business with us and you may withdraw it at any time (see below).
9. If we sell a company or a portion of the business or assets of a Scotiabank company, we may release the information we hold about you to the prospective purchaser. We will require any prospective purchaser to protect the information provided and to use it in a manner that is consistent with Scotiabank privacy policies and practices.
10. We may keep and use information about you in our records for as long as it is needed for the purposes described in this Agreement, even if you cease to be a customer.
11. You agree that all information that you give us will, at any time, be true and complete. If any personal information changes or becomes inaccurate or out of date, you are required to advise us so we can update our records.

### **Refusing or withdrawing consent**

Subject to legal, regulatory and contractual requirements, you can refuse to consent to our collection, use or disclosure of information about you, or you may withdraw your consent to our further collection, use or disclosure of your information at any time in the future by giving us reasonable notice. However, depending on the circumstances, withdrawal of your consent may prevent us from providing you, or continuing to provide you, with some Services, means of access to Services, or information that may be of value to you.

We will act on your instructions as quickly as possible but there may be certain uses of your information that we may not be able to stop immediately.

You cannot refuse our collection, use and disclosure of information required by third party service providers essential for the provision of the Services or required by our regulators,

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including self-regulatory organizations. Some of our service providers are located outside of Canada. As a result, your personal information may be accessible to regulatory authorities in accordance with the law of these jurisdictions.

You can tell us at any time to stop using information about you to promote our Services or the products and services of third parties we select, or to stop sharing your information with other members of Scotiabank. If you wish to refuse consent or to withdraw consent as outlined in this Agreement, you may do so at any time by contacting the branch or office with which you are dealing or by calling us toll-free.

Scotiabank 1-800-4SCOTIA

ScotiaMcLeod, Scotiatrust and Private Investment Counsel 1-866-437-4990

ScotiaLife Financial 1-800-387-9844

Scotia iTRADE® 1-888-872-3388

**In addition, if you apply for, accept, or guarantee, a line of credit, term loan, mortgage or other credit account with us**

When you apply for, accept, or guarantee a loan or credit facility or otherwise become indebted to us, and from time to time during the course of the loan or credit facility, we may use, give to, obtain, verify, share and exchange credit and other information (except health information) about you with others including credit bureaus, mortgage insurers, creditor insurers, reinsurers, registries, other companies in Scotiabank and other persons with whom you may have financial dealings, as well as any other person as may be permitted or required by law. We may do this throughout the relationship we have with you. You also authorize any person whom we contact in this regard to provide such information to us.

If you have a Service with us such as a banking card, credit card or line of credit product with an access card, you agree that we may give information (except health information) about you to electronic payment service providers, credit or charge card associations, loyalty program partners and their employees and agents for the purpose of processing, authorizing and authenticating your transactions (as the case may be), providing you with customer assistance services and for other purposes related to your services. We may also give this information in respect of your participation in contests and promotions administered by the electronic payment service providers, credit or charge card associations and loyalty program partners on our behalf.

If you have a mortgage account with us, we may give information about you, including credit information, to mortgage insurers for any purpose related to mortgage insurance. Information retained by Canada Mortgage Housing Corporation will be subject to federal access to information and privacy legislation.

During the term of the loan or credit facility, you may not withdraw your consent to our ongoing collection, use or disclosure of your personal information in connection with the loan or other credit arrangement you have with us or have guaranteed. We can continue to disclose your personal information to credit bureaus even after the loan or credit facility has been retired, and you may not withdraw your consent to our doing so. We do this to help maintain the accuracy, completeness and integrity of the credit reporting system.

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**In addition, if you accept an insurance Service with us**

When you apply for, enrol in or sign an application in respect of or accept an insurance Service from us, we may use, give to, obtain, verify, share and exchange information about you with others including references you have provided, from hospitals and health practitioners, from government health insurance plans, from other insurers, from medical information and insurance service bureaus, from law enforcement representatives, from private investigators, and from other groups or companies where collection is necessary to underwrite or otherwise administer the Service requested, including the assessment of claims. You also authorize any person whom we contact in this regard to provide such information to us.

If you accept an insurance Service with us, or if an insurance Service is issued on your life, you may only withdraw your consent as noted above so long as the consent does not relate to underwriting or claims where Scotiabank must collect and report information to insurance service bureaus after the application has been underwritten or the claim has been adjudicated. This is necessary to maintain the integrity of the underwriting and claims systems.

**Accessing your information**

Subject to legal, regulatory and contractual requirements, you can request to access the personal information we hold about you. Much of this information is already accessible by you, for example: through your account statements or bankbook updates; by visiting the branch or office where you regularly do business; by accessing your account online; or through the Customer Contact Centre. However, if you need access to any other information, you must direct your request in writing to the President's Office (see contact details below under "Further information").

In order to process your request, we may ask you for specific details, such as branch and account number, and clarification on the specific information or time period you are requesting access to. Once your identity has been verified and the scope of your request confirmed, within 30 days we will provide you with access to your information, except where prohibited by law. If necessary, we will notify you that we require an extension beyond the 30 day period.

Scotiabank may charge you a nominal access fee depending on the nature of your request. We will advise you of the fee, if any, prior to proceeding with your request.

If you have a sensory disability, you may request that your information be made available in an alternative format.

**Further information**

You acknowledge that we may amend this Agreement from time to time to take into consideration changes in legislation, technology or other issues that may arise. We will post the revised Agreement on our website and make it available at our branches or we may also send it to you by mail. We may also notify you of any changes to this Agreement in any of the following ways:

- A notice prominently displayed at all Scotiabank ATMs;
- An announcement through the VoiceResponseUnit (VRU) or a digital channel such as a mobile app;
- A notice on the Scotiabank website or your Scotia OnLine portal;

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- A notice in our branches; or
  - A notice in your monthly statement.

Your continued use of the account or Service following such change means that you agree to and accept the new terms and conditions of the Agreement as amended. If you do not agree with any of the changes made or with the new terms of the Agreement, you must immediately stop using the account or Services and notify us that you are closing your account or terminating your Service with us.

If you have a general question about Scotiabank's privacy policies, please contact the branch or office you deal with or call us toll free at 1-800-472-6842. If your branch or office is not able to resolve your concern to your satisfaction, contact the President's Office:

Telephone: 1-877-700-0043  
Fax: 1-877-700-0045  
Email: mail.president@scotiabank.com  
Letter: The President, Scotiabank  
44 King Street West  
Toronto ON M5H 1H1

Our Privacy Code and Cookies Policy are available to the public on [www.scotiabank.com](http://www.scotiabank.com). The Privacy Code and Cookies Policy both form part of the Scotiabank Privacy Agreement.

<sup>†</sup>For a list of Scotiabank's principal affiliates and subsidiaries enterprise-wide, please refer to the most recent Annual Report available on the Scotiabank website at [www.scotiabank.com](http://www.scotiabank.com).

## ***TELEPHONE/FACSIMILE/E-MAIL AGREEMENT<sup>†</sup>***

You authorize us to receive and act upon instructions from you concerning your bank and investment accounts, investments in any registered plans, eligible guaranteed investment certificates (GICs), accounts with Scotia Securities Inc. and other investment holdings with us or matters in relation to a loan you are applying for or have taken out with us, given to us by telephone, facsimile transmission, electronic mail (e-mail) or through any other means that we may permit from time to time (the permitted means). Telephone instructions for transactions provided solely by voice mail will not be acted upon. Instructions means your order given to us by permitted means to complete certain transactions which are permitted under this agreement. This agreement applies to both Instructions given to us as well as to any of our subsidiaries for which we normally accept instructions. This authorization does not include investments held by Trade Freedom, Scotia iTrade and ScotiaMcLeod for which a separate agreement may be required. You agree to provide your Social Insurance Number for the purchase of any registered investment product or for any account opened with Scotia Securities Inc. as required by the Canada Revenue Agency for purposes of income tax reporting.

These Instructions can only be given in relation to bank or investment accounts, eligible GICs, mutual funds, non-registered and registered investments or loans with us in your name or over which you are a signatory with the sole right to give Instructions. You understand and agree that your Instructions may be viewed by persons employed by The Bank of Nova Scotia and Scotia Securities Inc.



The Instructions which you can give us using the permitted means include investments in and renewals of eligible GICs, purchases of mutual funds and mutual fund switches, transfers from your deposit accounts to purchase mutual funds or eligible GICs, transfers between investments within members of Scotiabank and changing instructions for the payment of principal, interest or income from existing or maturing eligible GICs or mutual funds. We can also make changes to the personal data reflected in your accounts or investments as long as the change does not require that we have proof of the change. You may also apply for a personal loan or credit card, signify your agreement to be bound by the terms of the loan or credit card agreement or otherwise give Instructions with respect to a loan or credit card.

You can provide us with instructions to transfer money to or between bank and investment accounts. In addition, you can give us instructions to redeem eligible GICs, mutual funds or other investments provided the redemption proceeds are payable to all registered owners of the eligible GIC, mutual fund or other investment. You can provide stop payment instructions. We may amend or vary the nature of the Instructions we may accept and undertake on your behalf pursuant to this agreement at our discretion and without prior notice to you. You cannot designate a beneficiary with a Telephone/Facsimile/E-Mail Agreement. A designation must be done in person and requires an original signature. In addition, not all of our branches or offices will accept all the Instructions which can be given under this agreement. You may be referred to another office or branch.

You agree to be bound by the agreements which govern the banking, investment, or loan relationships which are established pursuant to Instructions given under this agreement. You may be required to sign any agreements which are required in connection with the transaction you are asking us to complete. We may send you, at our discretion, a confirmation that the Instructions have been received and acted upon and any related agreement(s). You agree to ratify any Instructions given pursuant to this agreement.

You agree that when you provide us with instructions pursuant to this agreement that you are also requesting and consenting that any information, documents and/or notices that we provide to you in relation to those instructions may be provided solely at the fax number used by you to provide instructions or at the email address used by you to provide instructions, or at the fax number or email address otherwise designated by you in your instructions, as the case may be. We recommend that you keep a copy of any such information, documents and/or notices for your records.

We agree to carry out Instructions in accordance with our normal procedures although we can refuse to undertake any Instructions if we deem it appropriate for any reason to do so and we will have no liability to you on account of such refusal. Prior to carrying out Instructions provided by e-mail or fax we will contact the account owner or authorized person by telephone to confirm both their identity and the trade or other instructions. If contact cannot be made the Instructions will not be carried out. We will take reasonable steps to inform you when we have determined that we will not be following your Instructions. We may ask you to give us certain information which will assist us in determining that you are the party giving the Instructions. We will not be liable to you if we are unable to complete your Instructions.

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You agree that we can deduct from any of your accounts or investments any amounts that we have disclosed to you as being the service charges for acting on Instructions given under this agreement. These charges are in addition to any account-related or other transaction fees which we may charge to your account.

By signing this agreement you authorize us to obtain a credit bureau report for the purpose of identification. You are solely responsible for our following, in good faith, all Instructions which appear to have been given by you by permitted means. We will not be liable to you if a transaction is completed pursuant to Instructions given by persons other than you which we believed in good faith to have been given by you. You agree to indemnify and hold us, our subsidiaries, as well as our officers, directors, employees or agents and those of our subsidiaries harmless for any loss, cost, liability or damage of whatever kind which may result from our acting in accordance with this agreement.

This agreement is binding on you, your heirs, legal or personal representatives and permitted assigns. It shall be interpreted in accordance with the law of jurisdiction in the province where your branch is located. We may rely on this agreement until such time as you give us notice in writing indicating that this agreement will not apply to any further Instructions given in relation to banking or investment matters. We may rely on the instructions of any one of you for joint accounts or investments with respect to all matters covered by this agreement. We may terminate this agreement at any time on written notice to you. This agreement does not amend any of the other agreements that you have with us or establish with us at a later date. In the case of a conflict between these agreements, this agreement shall govern.

† We are not allowed to accept instructions for certain products through electronic means.

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## GLOSSARY

### **10-Year Repayment Rule**

This is the general requirement that the total amount of grants and bonds paid into an RDSP within the 10-year period before a DAP is made be repaid. Effective January 2014, only \$3 of grants and bonds will have to be repaid for every \$1 withdrawn from an RDSP up to the maximum paid into the RDSP within the 10-year period before the DAP.

### **Adjusted cost base**

Your initial cost of an investment, adjusted to reflect changes due to events such as new purchases, return of capital and payouts.

### **AIP**

Accumulated Income Payment

### **BCTESG**

British Columbia Training and Education Savings Grant

### **Beneficial owner**

The person or group that benefits from an investment account, even though it's registered under another name.

### **Beneficiary (Scotia Registered Savings Account, Registered Income Accounts and TFSA)**

The person who receives the proceeds of your registered plan upon your death.

### **Beneficiary (Scotia RESP and RDSP)**

The person for whose benefit the plan has been opened.

### **BTR**

Bank the Rest Savings Program

### **Cash equivalent mutual fund**

Money Market and T-Bill funds are generally considered Cash Equivalent Mutual Funds.

### **CDIC**

Canada Deposit Insurance Corporation

### **CESG**

Canada Education Savings Grant

### **CLB**

Canada Learning Bond

### **Compound interest**

Interest on the interest you've already earned.

### **CRA**

Canada Revenue Agency

### **Dealer**

A firm that manages the operation of your account on your behalf. The dealer of your investment account can be The Bank of Nova Scotia or Scotia Securities Inc., depending on the type of investments you intend to hold in your account. If you hold only deposit investments such as cash, high interest savings and term investments, the dealer can be either The Bank of Nova Scotia or Scotia Securities Inc. If you hold mutual funds the dealer of your account must be Scotia Securities Inc.

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**EAP**

Educational Assistance Payment

**Effective yield**

The total interest you earn over the life of the GIC, expressed as an annual percentage rate.

**Eligible beneficiary**

An eligible beneficiary means, for a taxation year, a beneficiary who is 16 or 17 years of age at the end of the year (the end of December 31) and in respect of whom:

- a) a Canada Education Savings Grant (CESG) was paid for the year in relation to a contribution made in respect of the beneficiary in the year to a registered education savings plan (RESP);
- b) in the case of the year 2007, an RESP existed in at least four years before the year 2007; or
- c) in the case of the year 2008 and if the beneficiary reached 17 years of age in that year, an RESP existed in at least four years before the year 2007.

**ESP**

Education Savings Plan

**GIC**

Guaranteed Investment Certificate

**GIC book value**

For GICs where interest is paid, the GIC book value on a specific date is equal to the original face amount less all partial redemptions up to that date.

For GICs where interest is compounded, the GIC book value is equal to the original face amount less all partial redemptions plus compound interest earned up to that date. In each case, GIC book value is represented in the currency of the investment.

**GIC current market value**

For GICs where interest is paid, the GIC current market value on a specific date is equal to the original face amount less all partial redemptions plus interest accrued up to that date.

For GICs where interest is compounded, the GIC current market value is equal to the original face amount less all partial redemptions plus compound interest earned, plus interest accrued up to that date. In each case, GIC current market value is represented in the currency of the investment.

**GIC face (principal) amount**

The original investment amount of the GIC adjusted for any redemptions that apply.

**GIC maturity value**

For GICs where interest is paid, the maturity value is the original face amount on the current GIC if no partial redemptions have been processed.

For GICs where interest is compounded, the maturity value is the GIC market value at maturity if no partial redemptions have been processed.

**Joint Tenants With Right of Survivorship (JTWROS)**

With a JTWROS account, both owners or co-subscribers (as the case may be) have an equal, undivided interest in the account's assets. If an owner or co-subscriber dies, the ownership of the assets passes to the survivor.

**LIF**

Life Income Fund

**LIRA**

Locked-in Retirement Account

**Locked-in accounts**

A locked-in account is a type of an RRSP or RRIF. Funds in these accounts are locked in, meaning they are subject to legislative restrictions in order to preserve the money for the retirement of the member from whose pension fund the money came.

**LRIF**

Locked-in Retirement Income Fund

**LRSP**

Locked-in Retirement Savings Plan or Locked-in RRSP

**Maturity**

Maturity is the date on which payment of a financial obligation must be made. For example, if you hold a GIC, the maturity date is the date on which the issuer must pay you the market value of the GIC plus any accrued interest.

**Mutual funds**

Investment vehicle made up of funds collected from many investors. Mutual Funds allow small investors to have access to a professionally managed, diversified portfolio, which would be impossible to create with a small amount of capital. Equity mutual funds invest primarily in stocks. Fixed income mutual funds invest primarily in interest-paying investments.

**MTCC**

Montreal Trust Company of Canada

**NTC**

National Trust Company

**PAC**

Pre-Authorized Contribution

**PRIF**

Prescribed Retirement Income Fund

**Principal amount**

The money you originally invested in a GIC.

**Pro rata**

A pro rata investment or withdrawal is calculated according to the value of each of your investment holdings. For a withdrawal, money is taken from each investment holding in the percentage that each holding represents of your total account. For a pro rata investment, the money you deposit is invested in each of your holdings in the percentage that each holding represents of your total account.

**QESI**

Québec Education Savings Incentive

**QROPS**

A Qualifying Recognised Overseas Pension Scheme is an overseas pension scheme that meets certain requirements set by HM Revenue and Customs (HMRC). A QROPS can receive the transfer of UK pension benefits.

**RDSP**

Registered Disability Savings Plan







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