

PLAN SUMMARY

Group Option Plan

Type of Plan: Group Scholarship Plan

Investment Fund Manager: Children's Education Funds Inc.

November 12, 2015

This summary tells you some key things about investing in the Plan. You should read this Plan Summary and the Detailed Plan Disclosure carefully before you decide to invest.

If you change your mind

You have up to 60 days after signing your Contract to withdraw from your Plan and get back all of your money, including sales charges but excluding any insurance premiums and certain applicable fees.

If you (or we) cancel your Plan after 60 days, you'll get back your Contributions, less sales charges, fees and any insurance premiums paid. You will lose the Earnings on your money. Your Government Grants will be returned to the applicable government. **Keep in mind that you pay sales charges up front. If you cancel your Plan in the first few years, you could end up with much less than you put in.**

What is the Group Option Plan?

The Group Option Plan is a group scholarship plan designed to help you save for a child's post-secondary education. When you open your Group Option Plan, we will apply to the Canada Revenue Agency to register the Plan as a Registered Education Savings Plan (**RESP**). This allows your savings to grow tax-free until the child named as the Beneficiary of the Plan enrolls in Eligible Studies. The Government of Canada and some provincial governments offer Government Grants to help you save even more. To register your Plan as an RESP, we need social insurance numbers for yourself and the child you name in the Plan as the Beneficiary.

In a group scholarship plan, you are part of a group of investors. Everyone's Contributions are invested together. When the Plan matures, each child in the group shares in the Earnings on that money. Your share of those Earnings, plus your Government Grant money, is paid to your child as Educational Assistance Payments (**EAPs**). EAPs are paid for Eligible Studies that qualify under the *Income Tax Act* (Canada).

There are two main exceptions. Your child will not receive EAPs, and you could lose your Earnings, Government Grants and Grant Contribution Room, if:

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

If you leave the Plan, your Earnings go to the remaining members of the group. However, if you stay in the Plan until it matures, and collect one or more EAPs under the Plan, you may share in the Earnings of those who left early.

Who is this Plan for?

A group scholarship plan can be a long-term commitment. It is for investors planning to save for a child's post-secondary education.

You are eligible to enrol in this Plan if:

- your child is under 13 years of age;
- your child is a Canadian resident within the meaning of the *Income Tax Act* (Canada).

This Plan is suitable if you are fairly sure that:

- you are comfortable making Contributions on a regular basis and on time;
- you intend to stay in the Plan until the Maturity Date;
- you are planning for your Beneficiary to attend Eligible Studies.

If this doesn't describe you, then this Plan may not be appropriate for you and the Self-initiated Option Plan or Achievers Plan offered by Children's Education Funds Inc. may be more suitable for you as these Plans have fewer restrictions. See the

Plan Summaries for our Self-Initiated Option Plan and Achievers Plan on pages 59 and 71, respectively of the Detailed Plan Disclosure document for more information.

What does the Plan invest in?

The Plan invests net Contributions and Government Grants mainly in fixed income securities, such as government bonds, guaranteed mortgages, cash equivalents, GICs and money market securities. Income may also be invested in corporate bonds and equity securities listed on a Canadian stock exchange. The Plan's investments have some risk. Returns will vary from year to year.

How do I make Contributions?

With your Contributions, you buy one or more "Units" of the Plan. These Units represent your share of the Plan. You can pay for them all at once, or you can make monthly or annual Contributions.

You may change the amount of your Contribution as long as you make the minimum Contribution permitted under the Plan. You may also change your Contribution schedule after you've opened your Plan. All of the different Contribution options for this Plan are described in the Detailed Plan Disclosure. You can also ask your dealing representative for more information.

Minimum investment in the Group Option Plan is the greater of \$9.40 per month and one Unit.

What can I expect to receive from the Plan?

In your child's first year of post-secondary education, you are entitled to get back your net Contributions. You can have this money paid to you or directly to your child.

Your child may be eligible for EAPs in their first, second, third and fourth years of post-secondary education, depending on the circumstances. For each year, your child must show proof they are enrolled in a school or program that qualifies under the Plan to get an EAP. Any post-secondary program that would qualify for an EAP under the *Income Tax Act* (Canada) would be considered Eligible Studies under the Plan within the time allowed.

Your Beneficiary can collect EAPs until the end of the 35th year following the year after the Application Date. EAPs are taxed in the child's hands.

What are the risks?

Cancellation Rate

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

Of the last five Beneficiary Groups of the Group Option Plan to reach maturity, an average of 42% of the Plans in each group were cancelled before their Maturity Date.

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

1. You leave the Plan before the Maturity Date. If you withdraw from the Group Option Plan more than 60 days after your Application Date but before the Maturity Date, or if your Plan is terminated for failure to make required Contributions, you will forfeit any Government Grants and Income on Government Grants earned in the Plan. In addition, you will not be eligible for a discretionary refund of sales charges. Any Government Grants received will be returned to the applicable government. The Income earned on your Contributions will be transferred to the EAP Account for the benefit of the remaining Beneficiaries in your Beneficiary Group. Income earned on Government Grants will be paid to a post-secondary institution chosen by us.

2. You miss contributions. If you want to stay in the Plan, you'll have to make up the missed Contributions. You will have to pay an interest deficiency administrative adjustment, which is an amount equal to 1% per month of missed Contributions, compounded monthly. This can be costly.

If you have difficulty making Contributions, you have options. You can reduce or suspend your Contributions, discontinue further Contributions resulting in a reduced number of Units that remain invested until maturity, transfer to another Plan or close your Plan. Restrictions and fees may apply. Some options will result in a loss of Earnings and Government Grants. If you suspend Contributions and do not take any action within 36 months, we will cancel your Plan.

3. You or your child misses a deadline. This can limit your options later on. You could also lose the Earnings on your investment. The three key deadlines for this Plan are:

- **60 days before the Maturity Date**

You have until 60 days before the Maturity Date to make certain changes to your Plan. This includes transferring into the Self-Initiated Option Plan, changing the Maturity Date if your

Beneficiary wants to start their program sooner or later than expected, and transferring to another RESP. Restrictions and fees apply.

- **August 1 – the EAP application and deferral deadline**

Generally, if your Beneficiary qualifies for an EAP, they must apply by August 1 before the applicable year of Eligible Studies to receive an EAP for that year or to defer for that year. Otherwise, a \$75 late fee will apply to submit the application. There is no guarantee that a late application will be processed in time for an EAP to be made, in which case your Beneficiary may not receive the EAP.

- **Maturity Date**

You have until the original Maturity Date to change the Beneficiary. Restrictions and fees apply.

4. Your Beneficiary does not pursue Eligible Studies. For example, part-time studies where the program is either less than three weeks or less than 12 hours per month is spent on courses will not qualify the Beneficiary for receiving EAPs under this Plan. If your child will not be going to a qualifying school or program under this Plan, you can name another Beneficiary, transfer to another RESP or cancel your Plan. Restrictions and fees apply. Some options will result in a loss of Earnings and Government Grants.

5. Your child doesn't complete their program. Your child may lose some or all of their EAPs if they do not complete their program of studies or defer their studies for extended periods. Your child may defer an EAP for a year. Deferrals are at our discretion.

If any of these situations arise with your Plan, contact us or speak with your dealing representative to better understand your options to reduce your risk of loss.

How much does it cost?

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

Fees you pay

These fees are deducted from the money you put in the Plan. They reduce the amount that gets invested in your Plan, which will reduce the amount available for EAPs. The fees and expenses of this Plan are different than the other Plans we offer.

Paying off the sales charge	Fee	What you pay	What the fee is for	Who the fee is paid to
For example, assume that you buy one Unit of the Group Option Plan on behalf of a newborn child, and you commit to making monthly Contributions until maturity to pay for that Unit. All of your first 11 Contributions go toward the sales charge until half of the sales charge is paid off. Half of your next 21 Contributions go toward the sales charge until its fully paid off. Altogether, it will take you 32 months to pay off the sales charge. During this time, 34% of your Contributions will be invested in your Plan.	Sales Charge*	\$200.00 per Unit This can be between 2.8% and 27.3% of the cost of a Unit, depending on the Contribution option you select for your Plan and how old your Beneficiary is at the time you open your Plan.	This is for paying commissions to your dealing representative and covering the cost of selling your Plan	Children's Education Funds Inc.
	Annual Depository Fee**	\$5.00*** for single deposit method \$8.00*** for annual deposit method \$12.00*** for monthly deposit method	This is for processing your Contributions	Children's Education Funds Inc.

Notes

* This sales charge may not be increased without Subscriber approval.

** Subject to change. Subscribers will be notified of any such changes.

*** Plus applicable taxes.

Fees the Plan pays

You don't pay these fees directly. They're paid from the Plan's Earnings. These fees affect you because they reduce the Plan's returns, which reduces the amount available for EAPs. Other fees apply if you make changes to your Plan. See page 33 of the Detailed Plan Disclosure for details.

Fee	What the plan pays	What the fee is for	Who the fee is paid to
Annual Administration Fee*	0.5% of all net Contributions, plus Government Grant amounts, together with all income earned**	Administering your plan including record keeping and coordination between depository, trustee and investment advisors	Children's Education Funds Inc.
Portfolio Management Fee	Annual weighted average of 0.14% of the assets managed by the investment counsel firms**	To cover the portfolio investment managers' expenses	Investment Advisors
Trustee and Custodian fee	Annual rate of 0.011% on the first \$1 billion and 0.0085% on the balance. In addition, the trustee receives \$9 for each purchase or sale of securities**	To cover the trustee and custodian's expenses	Depository Trustee and Custodian
Independent Review Committee (IRC)	The proportionate share allocated to the Plans of the annual fees of \$6,000 per member and other IRC expenses including insurance coverage, legal fees, travel cost and other reasonable out-of-pocket expenses For the year ended December 31, 2014, the total fees and expenses related to the Independent Review Committee was \$12,259, which was proportionately shared by all the Plans	To cover the services of the Plan's Independent Review Committee	Independent Review Committee
Board of Directors	The proportionate share allocated to the Plans of the annual fees of \$6,000 per external Board member	Remuneration for Board of Directors	Members of the Board of Directors
* For Subscribers enrolled in Plans prior to October 9, 2012 the Administration Fee will be paid from Subscriber's Contributions. ** Plus applicable taxes.			

Are there any guarantees?

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

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

For more information

The Detailed Plan Disclosure delivered with this Plan Summary contains further details about this Plan, and we recommend you read it. You may also contact Children's Education Funds Inc. or your dealing representative for more information about this Plan.

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