

## **Statement of Investment Policy and Goals/Procedures**

The Administrator of a pension plan, registered under the federal Pension Benefits Standards Act, or under the Pension Benefits Act of a province, is required to adopt a written Statement of Investment Policies and Goals/Procedures (SIP&G/P) for the Plan. The Administrator must also review and approve the SIP&G/P at least once a year.

You will find attached to this document a model SIP&G/P that may be used to acknowledge your responsibilities in this respect and the investment options that you have chosen under your registered pension plan.

Although some regulatory authorities may exempt the requirement to adopt a SIP&G/P if only guaranteed investment funds are utilized, or if plan members select their own investment options, we nonetheless recommend that Plan Administrators adopt a SIP&G/P, in consideration of their fiduciary responsibilities.

Accordingly, please file a copy of the completed document with your Standard Life Canada contract for your records and return an original signed copy of the SIP&G/P to Standard Life Canada.

### **NOTE :**

If your pension plan is registered in New Brunswick you are also required to submit your completed SIP&G/P to the provincial regulatory authority. For pension plans registered in British Columbia, a copy of the SIP&G is to be distributed to each member.

Should you have any questions regarding this matter, please feel free to contact your Standard Life Canada Representative.

## ©©STATEMENT OF INVESTMENT POLICY AND GOALS/PROCEDURES©©

### MODEL FOR DEFINED CONTRIBUTION PENSION PLAN

**Note:** This investment policy model has been designed to cover straightforward situations/plans involving only Group Savings and Retirement Pooled Investment Funds carried by The Standard Life Assurance Company of Canada and The Standard Life Assurance Company. If other funds, managers or particularities are involved, this model would not be complete and should therefore be adapted to the situation. In this instance, it would be advisable to consult your pension plan advisor, for assistance.

Please bear in mind that the legislation and the regulations of each jurisdiction prevail over this model. While every effort has been made to ensure the appropriateness of the model, no warranty is expressed or implied as to the accuracy, adequacy or completeness of the information, and The Standard Life Assurance Company of Canada is not responsible for any errors, omissions, or for the results obtained from the use of such information.

**PENSION PLAN**

**FOR THE EMPLOYEES OF**

\_\_\_\_\_  
(indicate Plan name and Policy number)

**Registration number** \_\_\_\_\_

**Effective** \_\_\_\_\_

**Reviewed and approved by  
the Plan Administrator**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Position**

**Date:** \_\_\_\_\_

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## I. Description of the Pension Plan

\_\_\_\_\_ (Plan Sponsor) has established a Defined Contribution Pension Plan (the "Plan") to assist employees in accumulating savings for their retirement.

The Plan currently covers \_\_\_\_\_ members.

The Plan's assets at this date amount to \$ \_\_\_\_\_.

Annual contributions are estimated at \$ \_\_\_\_\_.

The liabilities of the Plan consist of the value of the individual member accounts held under the Plan.

The Plan is registered under \_\_\_\_\_ (*enter appropriate Pension Act, i.e. Ontario Pension Benefits Act, RSO 1990*) and may be subject to various other pension and tax laws.

## II. Authority and Responsibilities of the Plan Administrator

*(In Quebec, instead of the employer's name, type Pension Committee of the Pension Plan for the Employees of ... if applicable)* \_\_\_\_\_

\_\_\_\_\_ (Plan Administrator) is the legal administrator of the Plan with authority and responsibilities to ensure that investments made by and/or on behalf of Plan members are in accordance with this policy statement. The Plan Administrator must act with prudence, diligence and skill in exercising his mandate. Furthermore, he must act with honesty and loyalty in the best interest of Plan members.

The Plan Administrator shall review this Statement of Investment Policy and Goals/Procedures (SIP&G/P) at least once per Plan fiscal year, at which time it will be confirmed or amended, as deemed necessary, to ensure that it remains consistent with the objectives of the Plan and applicable legislation.

Where applicable, the Plan Administrator will supply Plan Members with sufficient written information about each investment option, including their risk/reward features, performance and related fees, in order for Plan members to make informed decisions with respect to the selection of an appropriate investment mix. Members may also obtain investment administrative support, information and guidance by communicating with the Investment Fund Provider. Details as to how to communicate with the Investment Fund Provider, and what assistance is available, will be supplied to Plan members by the Plan Administrator.

The Plan Administrator will see to the monitoring of the following aspects of Plan member activity, in order to determine whether changes may be required to the Plan member communication and/or education programs:

- "Default" accounts for participants who have not indicated an investment option;
- Participation rate (for voluntary plans);
- Investment options selected by Plan members.

### III. Management of the Pension Fund

The Plan administrator has retained The Standard Life Assurance Company of Canada (the "Investment Fund Provider") to manage the assets of the Pension Fund (the "Fund"). The Plan Administrator has reviewed the investment policies and goals of the Investment Fund Provider and considers them to be consistent with the objectives of the Plan.

All administration and transactions relating to the day-to-day operation of the Fund will be carried out by the Investment Fund Provider, in accordance with the terms of the policy it has issued, in this connection, to the Plan Administrator. Furthermore, the Investment Fund Provider will supply the Plan Administrator with periodical reports and other information deemed necessary for the proper administration of this investment policy, as agreed upon between the Investment Fund Provider and the Plan Administrator

In performing its duties, the Investment Fund Provider will exercise the care, competence and skill to be expected of a prudent and diligent investment counselor, acting at all times on a basis which is fair and reasonable and not prejudicial to the interests of the Plan members.

### IV. Investment Policy

The Investment Policy of this Plan is as selected and described as follows:

Type of contribution	Who has investment discretion?		
	Plan Member	Plan Administrator	N/A
Employee required	q	q	q
Employee voluntary	q	q	q
Employer required	q	q	q

This Investment Policy does not prescribe or recommend any specific investment mix, ranges or constraints, except for limiting:

- investment options to those selected under the attached Appendix of this SIP&G/P, and
- foreign investments made by individual Plan members and/or the Plan Administrator in accordance with the Income Tax Act.

The purpose of the selected investment approach is to enable members and/or the Plan Administrator, where applicable, to establish an investment mix that best reflects their investment philosophy, risk tolerance, knowledge of investment and investment timeframe. Members and/or the Plan Administrator may choose to invest, depending on the investment options selected under the attached Appendix of this SIP&G/P, in the conservative but stable Guaranteed Funds and/or the longer term more volatile but potentially higher yielding Pooled Funds. In establishing an investment mix, consideration should be given to the fact that a well diversified pension fund tends to reduce the investment risk.

Where the Plan Administrator retains investment discretion over part or all of the contributions made towards the Plan, the Plan Administrator will describe in an addendum to this SIP&G/P the reason(s) for the investment mix selected, including the rationale for using active versus passive investment funds and derivative investments.

The overall asset mix of the Plan will be a function of the aggregate investment decisions of Plan members and/or the Plan Administrator, as the case may be. These investment decisions will be communicated by those making the decisions to the Investment Fund Provider via a form prescribed by the Investment Fund Provider or an alternate manner, as agreed upon between the Investment Fund Provider and the Plan Administrator.

## **V. Transfer Of Funds**

All or part of the value of investments held in specific Funds may be transferred periodically to other Funds, subject to applicable administrative and investment restrictions. The Plan Administrator and Investment Fund Provider, as the case may be, will communicate any such restrictions to the parties concerned.

## **VI. Investment Return Objectives**

The Plan Administrator will endeavor to ensure that the investment options used under the Plan remain competitive. In this respect, the Plan Administrator will expect the Investment Fund Provider to meet the investment return objectives set in its Investment Policies and Goals Statement, with regards to the Pooled Funds. The returns provided by the Guaranteed Funds shall be compared to those offered by other major financial institutions to ensure that they also remain competitive. To this end, the investment performance provided by the Investment Fund Provider will be reviewed and evaluated at least once per Plan fiscal year.

The Plan Administrator will promptly discuss with the Investment Fund Supplier any investment return underperformance in order to determine whether any changes are required to the investment options or to any provisions of this investment policy.

The Plan Administrator has the authority to change the Investment Fund Provider if the established return objectives are not met for an extended period of time, without satisfactory cause.

## **VII. Conflict of Interest**

The Plan Administrator's control regarding investments made by the Plan extends solely to the selection of the Investment Fund Provider and the Pooled and Guaranteed Funds being utilized. In addition to adhering to the provisions of the pension legislation regarding conflict of interest, the Plan Administrator, or its nominee, shall not knowingly permit his/her interest or that of any related person to conflict with his/her duties and powers with respect to the selection of the Investment Fund Provider or the Pooled and Guaranteed Funds used by the Plan. Further, the Investment Fund Provider shall conduct its activities in a similar fashion. In particular, no employee of the Investment Fund Provider will permit his/her interest or those of any related person to conflict with his/her duties and powers with respect to the funds under their care. In either case, where such conflict may exist, full disclosure shall be made in writing, to the appropriate parties, for deliberation.

In determining whether a "conflict of interest" exists, the Plan Administrator or its nominee and the Investment Fund Provider will be expected to exercise such judgment as a person ought to possess by reason of his or her profession, business or calling.



## **VIII. Related Party Transactions**

The Plan Administrator has retained The Standard Life Assurance Company of Canada as Investment Fund Provider. Acquiring units of The Standard Life Assurance Company of Canada Pooled Funds does not constitute a related party transaction, since it would be a required transaction for the proper operation or administration of the Plan.

## **IX. Voting Rights**

The Standard Life Canada Pooled Funds, and all their assets, are exclusive property of The Standard Life Assurance Company of Canada. While all Pooled Fund assets are subdivided into units that are attributed to specific policies for the purposes of determining benefits under those policies, no terms or conditions contained in these policies confer title to, control over, or vest any interest or voting rights in the assets of the Pooled Funds in the Plan administrator or Plan Members

# APPENDIX

## Investment Options

The investment options used and/or made available to meet the investment policy of this Plan are those as listed in this Appendix.

The characteristics and risk/reward features of Pooled Funds (including the use of derivative investments and whether or not the Funds use active or passive management) are described in the Investment Policies and Goals statement(s) of the Investment Fund Provider. The features of Guaranteed Funds are described below.

### Guaranteed Funds

#### 1. Daily Interest Accumulator (DIA):

Deposits made to the Daily Interest Accumulator will earn interest on the daily balance in the DIA.

#### 2. Compound Interest Accumulator (CIA):

Deposits made to the Compound Interest Accumulator are invested for the term elected from amongst the following CIA term deposit options offered by Standard Life Canada:

- 1 year (CIA-1);
- 2 years (CIA-2);
- 3 years (CIA-3);
- 4 years (CIA-4);
- 5 years (CIA-5).

A CIA term deposit will earn interest from the date of its inception to its maturity date at the rate guaranteed at its inception by Standard Life Canada. CIA term deposits withdrawn prior to maturity may be subject to an adjustment in value. The value of each CIA term deposit will be reinvested upon maturity in accordance with the reinvestment mix selected. If no reinvestment mix has been selected, such amounts will automatically be reinvested for another term equal to that of the maturing CIA term deposit.