



Versatile Portfolios™

SAFE, SMART & SIMPLE

Education Savings Plan Information Folder

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A Better Place For You®

VERSATILE PORTFOLIOS™ EDUCATION SAVINGS PLAN KEY FACTS

Key Facts is a summary of things you should know about when you enter an Individual Variable Insurance Contract (IVIC) with Co-operators Life Insurance Company. This Information Folder and your Policy contain a full list of product features and how these products work. You should review all of these documents and discuss any questions you may have with your Financial Advisor.

What am I purchasing?

You are purchasing an IVIC. You will find the terms and conditions in the Policy between you and Co-operators Life Insurance Company (the “Policy”).

An IVIC allows you to invest in segregated funds. You may choose an investment option.

The choices you make may affect your taxes. They may also affect the guarantees. Ask your Financial Advisor to help you make these choices.

The value of your Policy can go up or down subject to the guarantees.

What guarantees are available?

You will get maturity and death benefit guarantees, which are insured to protect the value of your investments (the “guarantee”). You cannot waive the option to have a guarantee.

There is a fee for this protection. The amount will vary per fund. The list of fees can be found in Appendix A of this folder.

If you make any withdrawals, it will reduce the guarantees. For full details, please see “Maturity and Death Benefit Guarantees” in this Information Folder and the Policy.

Maturity Guarantees

This protects the value of your funds at a specific date in the future. The default maturity date will differ for each plan type. See “Maturity and Death Benefit Guarantees” in this Information Folder for details and dates.

On these dates, you will receive the greater of:

- > The market value of the funds; or
- > 75% of the money you invested which is reduced proportionally by any withdrawals you make.

The Policy Maturity Date determines when the guarantee will come into effect.

Death Benefit Guarantees

This protects the value of your funds if you die. The death benefit applies if you die before the maturity date. We will pay the greater of:

- > the market value of the funds; or
- > 75% of the money you invested. This will be reduced proportionally by any withdrawals you make.

What investments are available?

You can invest in a mix of segregated funds.

The segregated funds are described in the Fund Facts booklet (“Fund Facts”).

Co-operators Life Insurance Company does not guarantee how the segregated funds will perform. You should carefully consider your tolerance for risk when you choose an investment option.

How much will this cost?

The funds you select will affect your costs.

Fees and expenses are deducted from the segregated funds. They are shown as management expense ratios or MERs on the Fund Facts for each fund.

When you make certain transactions or other requests, there may be a separate charge for them, such as fees for withdrawals and switching funds.

For full details, see “Withdrawals in your Policy” and in this Information Folder and the “Fund Facts” for each segregated fund.

What can I do after I purchase this Policy?

If you wish, you can do any of the following:

Transfers

You may switch from one fund to another fund. You may also need to pay a fee. See “Transfers” in this Information Folder.

Withdrawals

You may be able to withdraw money from your Policy. If you do so, the withdrawal will affect your guarantees. You may also need to pay fees or taxes or both. See “Withdrawals” in this Information Folder for details.

Contributions

You may make lump sum or scheduled payments. See the “Contributions” section in this Information Folder to learn more about each option.

Certain restrictions and other conditions may apply. You should review the Policy for your rights and obligations. Be sure to discuss any questions with your agent.

What information will I receive about my Policy?

We will tell you at least once a year the value of your funds and any transactions you have made.

You can request a more detailed Financial Statement of the funds. Audited and unaudited Financial Statements are updated at certain times during the year.

Can I change my mind?

Yes. You may:

- > cancel the Policy;
- > cancel any payment you make; or
- > reverse an investment decision.

To do any of these, you must tell us in writing within 2 business days of the earlier of:

- > the date you received the Policy or our confirmation of the change you have made; or
- > 5 business days after we mail the Policy or confirmation of the change to you.

You will be deemed to have received the confirmation 5 business days after it has been mailed by us.

The amount returned will be the lesser of the amount you invested or the value of the fund if it has gone down. If you cancel, the amount returned will include a refund of any sales charges or other fees you paid.

If you change your mind after the initial purchase, your right to cancel only applies to the new transaction.

Where can I get more information or help?

You may call us at 1-800-454-8061 or send us an e-mail to phs_wealth_mgmt@cooperators.ca.

Information about our company and the products and services we provide is on our website at www.cooperators.ca.

For information about handling issues you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at www.olhi.ca. If you are a resident of Quebec, you may also contact the Autorité des marchés financiers (AMF) at 1-877-525-0337 or information@lautorite.qc.ca.

For information about additional protection available for all life insurance Policyholders, contact Assuris, a company established by the Canadian life insurance industry. See www.assuris.ca for details.

To learn how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at www.ccir-ccra.org.

CO-OPERATORS LIFE INSURANCE COMPANY

Co-operators Life Insurance Company is a federally incorporated insurance company and is part of The Co-operators Group Limited, generally known as The Co-operators. We have been serving Canadians for over 65 years. We are owned and controlled by major agricultural and consumer co-operatives, credit union centrals and similar institutions across Canada. The Co-operators believes in supporting the communities where it does business, and employs more than 5,044 staff. We are supported by a dedicated financial advisor network with 2,820 licensed insurance representatives throughout Canada.

Co-operators Life Insurance Company, with assets under management of \$7.88 billion, is among the largest life insurance companies in Canada. We are committed to service excellence, aiming to provide our customers with the quality products and services they want at competitive prices. Our Head Office is located at 1920 College Avenue, Regina, Saskatchewan, S4P 1C4.

CERTIFICATION

This Information Folder and the Fund Facts booklet provide brief and plain disclosure of all material facts relating to the Versatile Portfolios™ ESP Policy, an IVIC issued by Co-operators Life Insurance Company.

This Information Folder is not complete unless the most recent Fund Facts for each of the Segregated Funds are available with it.



Kevin Daniel
Executive Vice President and Chief Operating Officer
Co-operators Life Insurance Company



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Vice President, Finance
Co-operators Life Insurance Company

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SCHEDULE "A" located in the Fund Facts also forms a part of this Information Folder

1. DEFINITIONS

Account Value of the Policy

The Account Value of the Policy is the sum of the Segregated Fund Account Values. The method of determining this Account Value is set out in the “Policy Values” section.

Annuitant

Refers to the person whose life is insured by the Policy and is the same as the Subscriber and Owner of this Policy.

Beneficiary

The ESP Trust is designated as the Beneficiary who will receive the proceeds from this Policy upon the Annuitant's death prior to the Policy Maturity Date.

Cash Value of the Policy

The amount you will receive upon termination of the Policy. It is equal to the Account Value of the Policy minus the sum of any applicable withdrawal service fees and any charges or return of funds due to legislative requirements.

Contributions

Contributions include all contributions made by you and all amounts received under the ESP as Canada Education Savings Grants, Canadian Learning Bonds, Alberta Centennial Education Savings Grants, or any other federal and provincial grants that may be applicable.

Death Benefit

The amount payable to the ESP Trust on the death of the Annuitant.

ESP

Education Savings Plan is a government approved plan for the purpose of providing post-secondary education funding for a Listed Student.

Financial Advisor, Insurance Advisor

Refers to an individual who is qualified to sell IVICs. The term is the same as a “Financial Security Advisor” in Quebec.

Fund of Funds

Segregated Funds which are composed entirely of Underlying Funds.

Guidelines

Refers to Canada Life and Health Insurance Association (CLHIA) G2: Guideline on IVICs Relating to Segregated Funds. For residents of Quebec, Guidelines refers to Autorité des marchés financiers (AMF) and Guideline on IVICs Relating to Segregated Funds

Individual Variable Insurance Contract (IVIC)

An IVIC, generally, is an individual contract of life insurance, including an annuity, or an undertaking to provide an annuity, as defined by provincial and territorial insurance statutes and by the Civil Code of Quebec, under which the liabilities vary in amount depending upon the market value of a specified group of assets in a Segregated Fund, and includes a provision in an individual contract of life insurance under which Policy dividends are deposited in a Segregated Fund.

For clarity, you, as the Policy Owner, make deposits, and we, as the insurance company, invest them in Segregated Funds in an IVIC.

Interfund Transfers

The partial or full transfer of the Segregated Fund Account Value from one Segregated Fund to another Segregated Fund.

Joint Subscriber

Refers to a secondary Subscriber who must be the primary Subscriber's spouse or common-law partner and is also a Policyholder, but not an Annuitant. If the Policy has 2 Subscribers, then the Primary Subscriber is the Annuitant and the secondary Subscriber is a Joint Subscriber. Where a Policy has a Joint Subscriber, any transaction on the ESP account will require all of the Subscribers' respective signatures for any application and/or withdrawal. In the event of the Primary Subscriber's death, the Joint Subscriber may elect to become the Primary Subscriber under a newly established Policy.

Listed Student

The individuals listed on the ESP application forms who will be pursuing post-secondary education in the future.

notice

Refers to any written notification and other communication the Company or the Policyholder is required or permitted to give and deliver under this Policy.

Policy

The Versatile Portfolios™ Education Savings Plan, is an IVIC issued by Co-operators Life Insurance Company.

Policy Anniversary Day

The day during each Policy year which is the anniversary of the Policy Date.

Policy Date

The day and month that the Policy becomes effective. The Policy becomes effective on the Valuation Day of the first contribution.

Policy Maturity Benefit

The amount that is payable upon maturity of the Policy.

Policy Maturity Date

The date on which your Policy matures.

Primary Subscriber

Refers to the individual who contributes to an ESP and can be a parent, grandparent, aunt, uncle, sibling or friend of the Beneficiary and is the Policyholder and Annuitant of the ESP.

Segregated Fund Account Value

The Segregated Fund Account Value on any Valuation Day is the number of Units held by your Policy in respect of a Segregated Fund multiplied by the Unit Value of that Segregated Fund on that Valuation Day.

Segregated Fund Cash Value

The Segregated Fund Account Value minus any applicable fees and charges.

Segregated Funds

These are Investment Options to which you may allocate contributions under your Policy to acquire Units, the value of which fluctuates with the market value of the assets held in a particular Segregated Fund.

Spouse

Means a person to whom you are legally married or your common-law partner and does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Income Tax Act (Canada).

Subscriber

Refers to the Policyholder(s) of the Policy who is authorized to transact on the ESP account. If the Policy has 2 Subscribers, then the Primary Subscriber is the Annuitant and the Secondary Subscriber is a Joint Subscriber. Where the Policy has a Joint Subscriber, any transaction on the ESP account will require all of the Subscribers' respective signatures for any application and/or withdrawal.

Underlying Funds

These are Funds in which other Segregated Funds invest all or part of their assets through the purchase of Units. Underlying Funds may be Segregated Funds or mutual funds.

Unit

A proportionate share in a Segregated Fund which is related to the amount of your contribution and the Unit Value of that Segregated Fund.

Unit Value

The Unit Value of a Segregated Fund is determined on a Valuation Day by dividing the market value of the assets of that Segregated Fund, minus any management fees, other fees and expenses, by the total number of Units held by all individual Policies at the time of valuation.

Valuation Day

Any business day on which the market value of the assets and the Unit Value of one or more of the Segregated Funds is determined. If the valuation fails or cannot be completed due to circumstances beyond our control, then it will be moved to the next date when it can be successfully completed.

we, our, us, the Company

Refers to Co-operators Life Insurance Company.

you, your, policyholder, owner

For ESP Policies, these references refer to the Owner, Annuitant and/or Subscriber of the Policy. The individual who owns the Policy must be at the age of majority in his/her province of residence when the application for this Policy is signed.

2. THE INFORMATION FOLDER

This Information Folder is intended to explain the terms of the Versatile Portfolios™ ESP Policy IVIC and to provide information on our current administrative practices which are subject to change from time to time. It is not part of your Policy, and does not create or confer any contractual or other rights.

The Versatile Portfolios™ ESP Policy is an IVIC which offers Segregated Funds with the security of maturity and death benefit guarantees.

Subject to meeting minimum contribution and transfer amount requirements, you may invest your contributions in any of the available Segregated Funds.

You will be notified by us prior to any fundamental changes being made in respect of a Segregated Fund under the Policy. For more information refer to the “Fundamental Changes” section of this Information Folder.

The Versatile Portfolios™ ESP Policy is a no-load Policy which allows Policyholders to surrender units in the Versatile Portfolios™ ESP without incurring surrender charges.

2.1. Information about the Insurance Company Issuing Policies

The Company is a life insurance company that is owned by its shareholders. The Company is federally incorporated in Canada. Its operations are governed by its Letters Patent and by the Insurance Companies Act. The terms and conditions of the Policies issued by the Company and the manner in which those Policies are distributed are regulated by the Insurance Act of the provinces and territories in which the Company operates. Segregated funds are also regulated by the Office of the Superintendent of Financial Institutions pursuant to the Insurance Companies Act (Canada) which among other things, ensures that sufficient reserves are maintained in respect of the guarantee obligations of the Company under the Policies. The Company is in the business of providing financial services which includes the sale of retirement and investment products, life, health and accident insurance in all provinces and territories of Canada.

The management of the Company is carried out under the overall authority of its Board of Directors. Responsibility for day-to-day operations is delegated to the Chief Operating Officer.

2.2. Interest of Management and Others in Material Transactions

There are no material transactions to report in the three preceding years between the insurer or any of its subsidiaries and any director, senior officer, or principal broker of the insurer, or any associates or affiliates of the foregoing, with respect to the Segregated Funds.

2.3. Material Policies

There are no Policies that can be reasonably regarded as presently material to any proposed Policyholder with respect to any of the Segregated Funds.

2.4. Other Material Facts

There are no other material facts which are known which would be relevant to the operation of the Versatile Portfolios™ ESP that have not been disclosed previously.

3. GENERAL

3.1. Beneficiary

The Beneficiary is the ESP Trust.

4. CONTRIBUTIONS

4.1. Pre-Authorized Debit (PAD)

We offer you the option to make pre-authorized debit contributions weekly, bi-weekly, semi-monthly or monthly, subject to applicable minimum amounts. Currently, the minimum pre-authorized debit contribution is \$50.

4.2. Lump Sum Contributions

The minimum lump sum contribution is \$250. We reserve the right to modify the lump sum minimum amounts. We will provide you with notice of the change.

Contributions are used to acquire Units which will be credited to your Policy. The number of Units acquired is equal to the contribution amount divided by the Unit Value of the respective Segregated Fund determined on the Valuation Day.

On a Valuation Day, the Company will allow you to effect Segregated Fund contributions, transfers, maturity and withdrawals.

Unless you indicate otherwise on your application for the Policy or by subsequent notice, all contributions will be allocated to the Co-operators Money Market Fund.

We reserve the right, following our notice to you, to charge for the amount of any premium tax or similar imposition payable by us in respect of your Policy as a result of legislation enacted or regulations becoming effective after this Policy was issued. Currently there is no premium tax payable.

5. WITHDRAWALS

5.1. Policy Surrender

You have the right to surrender your Policy for its Cash Value less any penalties or charges resulting from legislation, at any time, upon providing us with notice. Upon receipt of your notice to surrender your Policy, the Cash Value of your Policy will be determined in accordance with the process outlined in the “Transaction Timing” section. Withdrawal service fees and any other charges due to legislation may apply in the calculation of the Cash Value of the Policy. See the “Withdrawals” section for details regarding these charges.

Any amount that is allocated to a segregated fund is invested at the risk of the Policyholder and may increase or decrease in value.

5.2. Withdrawal Restrictions

At any time prior to the Policy Maturity Date, you may withdraw part of the Cash Value of the Policy subject to legislative restrictions. There is a minimum cash withdrawal amount of \$500 currently. The maximum cash withdrawal amount is \$250,000. If you intend to withdraw funds in excess of this maximum amount, you must notify us of your intent in writing; we reserve the right to postpone the withdrawal pending notification to the Investment Managers. If you request a partial withdrawal, we require that you leave \$250 as a minimum Account Value in your Policy. Upon receipt of your written request, all withdrawals will be processed in accordance with the “Transaction Timing” section of this Information Folder. We reserve the right to delay any withdrawal or redemption from any Segregated Fund

where the withdrawal or redemption would prejudice the interests of other Policyholders, or where we are unable to determine the market value of any of the assets of a Segregated Fund due to the temporary closure of a nationally recognized stock exchange.

A withdrawal from a Segregated Fund will affect your guarantees.

5.3. Withdrawal Service Fees

Two withdrawals per calendar year will be processed at no charge. A Withdrawal Service Fee (currently \$25) will be charged for each additional withdrawal in the calendar year.

6. TRANSFERS

At any time prior to the Policy Maturity Date, you may transfer all or a portion of the Account Value of the Policy to any other Investment Option(s) under the Policy. The current minimum transfer amount is \$250. The maximum transfer amount is \$250,000. If you intend to transfer funds in excess of this maximum amount, you must notify us of your intent in writing; we reserve the right to postpone the transfer pending notification to the Investment Managers..

Unlimited transfers to and from Segregated Funds are permitted; however, we reserve the right to limit the number of free transfers to 4 transfers per calendar year. Each Interfund Transfer after the 4th one will be charged a service fee (currently \$20).

The value of the Units transferred will be based on the Unit Value of the applicable Segregated Funds on the applicable Valuation Day. A transfer from a Segregated Fund is accomplished by redeeming Units in the Segregated Fund; a transfer to a Segregated Fund is accomplished by acquiring Units in the Segregated Fund.

Upon receipt of your written request, transfers to and from the Segregated Funds will be processed in accordance with the “Transaction Timing” section of this Information Folder.

The value of units redeemed or acquired in a fund to effect a transfer is not guaranteed but fluctuates with the market value of the assets of the fund(s).

7. POLICY VALUES

7.1. Account Value of the Policy

Each Segregated Fund has a corresponding Account Value. These are explained in the Investment Options Section. The Account Value of this Policy is the sum of the Segregated Fund Account Values in which you have invested Contributions.

7.2. Cash Value of the Policy

The Cash Value of the Policy is equal to the Account Value of the Policy minus the sum of:

- > any applicable withdrawal service fees;
- > any payments in progress;
- > any return of federal or provincial government grants or incentives due to legislative requirements; and
- > any other fees or charges that may be required under applicable legislation.

Any amount that is allocated to a segregated fund is invested at the risk of the Policyholder and may increase or decrease in value.

8. TERMINATION

We reserve the right, upon notifying you in writing, to pay you the cash value of the Policy and terminate the Policy on a valuation day of our choice at any time following your 4th Policy anniversary day if the account value of your Policy is less than our minimum.

The Cash Value of the Policy will be determined on the Valuation Day that the Policy is to be terminated. Withdrawal service fees may apply in the calculation of the Cash Value. See the “Withdrawals” section for details regarding these charges.

9. TRANSACTION TIMING

For a transaction to occur on the current Valuation Day, all required information and contributions must be received at our administration office by 3:00 P.M. Eastern Standard Time (“E.S.T.”). Otherwise, the transaction will occur on the next Valuation Day. Confirmation of Segregated Fund transactions will be provided within 10 days of the transaction.

10. TAX

10.1. Tax status of segregated funds

Under the current Income Tax Act (Canada), the Company is taxed at regular corporate rates on its business profits.

The value of the Units in a Segregated Fund attributed to a Policy will not be reduced by income tax on the income from monies invested in respect of that Policy or on the gains realized on such investments. However, a Segregated Fund is subject to foreign withholding taxes on income derived from non-Canadian investments.

10.2. Taxation of income earned in registered education savings plan Policy

Once requested, the Policy will be registered under the applicable section of the Income Tax Act (Canada). Contributions are not tax deductible and can be withdrawn with no tax implications. Income earned under the Policy will be subject to income tax in the year the income is withdrawn from the Policy, unless such amounts, if eligible, are transferred to another RESP as permitted by the provisions of the Income Tax Act (Canada). There will be restrictions on surrender and assignment.

This summary does not include all possible tax considerations and every Policyholder is advised to consult with their personal tax advisor regarding their own circumstances.

11. MATURITY AND DEATH BENEFIT GUARANTEES

11.1. Policy Maturity Dates

The Policy Maturity Date is the date you selected to have your Policy mature. The Policy Maturity Date must be at least 10 years from the Policy Date. You may request a change to your current Policy Maturity Date by giving us at least 60 days notice before the new Policy Maturity Date. In no case can the Policy Maturity Date be later than the applicable dates described below that apply if no Policy Maturity Date is selected.

If you did not select a Policy Maturity Date, the Policy Maturity Date will be 35 years from December 31st of the date the Policy was opened.

11.2. Policy Maturity Options

At the Policy Maturity Date, the Policy Maturity Benefit will be provided as a lump sum payment to the Annuitant. The existing ESP Policy will close and you will need to either withdraw the funds, subject to legislative restrictions, or transfer this Policy Maturity Benefit to a new ESP Policy if allowed.

If you have not selected one of the above options a life annuity with a guarantee period of 10 years will automatically apply.

11.3. Policy Maturity Benefit

On the next Valuation Day immediately following your Policy Maturity Date, you will receive the greater of one of the following:

- > The sum of the Segregated Fund Cash Values; or
- > 75% of the sum of Contributions invested in the Segregated Funds proportionately reduced to account for any withdrawals and any withdrawal service fees.

In no event will the amount calculated be less than 75% of the gross contributions, proportionately reduced for withdrawals. See "Proportional Withdrawal Calculation" for details.

11.4. Death Benefit Guarantee

If the Annuitant dies before the Policy Maturity Date and upon our receipt of sufficient proof of the Annuitant's death, the Beneficiary will receive the Death Benefit of the Policy. The Death Benefit will be calculated as the greater of:

- > the sum of the Segregated Fund Account Values on Valuation Day; and
- > 75% of the sum of Contributions invested in the Segregated Funds proportionately reduced to account for any withdrawals.

In no event will the amount calculated be less than 75% of the gross contributions, proportionally reduced for withdrawals.

We will calculate the Death Benefit when we receive sufficient proof of the Annuitant's death. The Death Benefit will be processed in accordance with the "Transaction Timing" section. The Segregated Fund Account Values of your Policy will be based on the Unit Values of the applicable Segregated Funds on such Valuation Day.

The Policy will terminate upon payment of the Death Benefit.

11.5. Proportional Withdrawal Calculation

If you withdraw Units from the Segregated Fund Account Value, it will reduce the Death Benefit and the Policy Maturity Benefit amounts. The reduction will be equal to the proportional amount withdrawn. There is no proportional reduction for Interfund Transfers.

Example: The sum of the Segregated Fund Account Values is \$12,000.

A partial withdrawal for \$4,000 is equal to 33.3% of the sum of the current Segregated Fund Account Values. The total Segregated Fund Account Value reduces to \$8,000 after the withdrawal.

If the current Death Benefit and Policy Maturity Benefits were \$10,000 each, they would be reduced by 33.3% and would become \$6,667. ($\$10,000 \times 33.3\% = \$3,333$; $\$10,000 - \$3,333 = \$6,667$).

12. INVESTMENT OPTIONS

12.1. Segregated Fund Investments

To offer you a complete investment spectrum, we provide Segregated Funds which are detailed in the Individual Fund Information Section and Fund Facts booklet. Each Segregated Fund has its own specific investment objectives, which vary by many factors including asset class, country or region, credit quality, capitalization and diversification. As such, the performance of the funds will differ according to market conditions. A complete investment Policy for each Segregated Fund including any Underlying Fund in which a Segregated Fund invests is available upon request from our Head Office by calling 1-800-454-8061.

Underlying Funds are funds in which certain Segregated Funds offered through the Versatile Portfolios™ ESP invest all or part of their assets through the purchase of Units. Underlying Funds may be Segregated Funds or mutual funds.

By investing in a Versatile Portfolios™ ESP Policy, you are purchasing an insurance Policy and are not a unitholder of the Underlying Fund(s). The Company provides all guaranteed benefits under the Versatile Portfolios™ ESP Policy.

For information regarding the fund(s) or Underlying Funds, please see the “Fund Facts” or contact your Agent. Copies of the simplified prospectus, annual information form, financial highlights and audited financial statements, and any other disclosure documents required for the underlying mutual funds are available upon request.

The information contained in the Fund Facts booklet is accurate and complies with the requirements of the Guidelines as of the date the information was prepared. If there is an error in the Fund Facts information outlined above, we will use reasonable measures to correct the error but you will not be entitled to specific performance under the Policy.

We have the right to discontinue or merge any of the available funds. We will provide you with 60 days notice. You will have the right to redeem the Units of the Segregated Fund without incurring fees.

We have the right to change a fund manager of the fund(s) at any time and will provide you with 60 days notice.

Fundamental changes in respect of a Segregated Fund or Underlying Fund under the Policy include:

- > An increase in the management fee which may be charged against the assets of the Segregated Fund,
- > A change in the fundamental investment objectives of the Segregated Fund,
- > A decrease in the frequency with which units of the Segregated Fund are to be regularly valued,
- > A fundamental change may also occur in the event that a fund is closed or if two or more funds are merged.

For more information, refer to “Fundamental Changes”.

13. OPERATION OF THE SEGREGATED FUNDS

Co-operators Life Insurance Company owns the assets, including all asset investments and investment earnings, of the Segregated Funds. These assets are segregated from our other assets to protect them from any creditor claims in the event of an insolvency. Each Segregated Fund is divided into Units which are allocated to individual Policies when transfers or contributions are made to one or more of the Segregated Funds.

We retain control of the cash and securities of the Segregated Funds. All investments and investment earnings of the Segregated Funds are owned by Co-operators Life Insurance Company. The investment portfolios of the Segregated Funds are professionally managed for us by one of the following investment managers, who manage the Segregated Funds by providing us with investment advice and by carrying out investment activities, including the purchase and sale functions for the investment portfolios:

- > Addenda Capital Inc. (“Addenda”);
- > BlackRock Asset Management Canada Limited (“BlackRock”);
- > Fidelity Investments Canada ULC (“Fidelity”);
- > Franklin Templeton Investments Corp. (“Franklin Templeton”);
- > Mawer Investment Management Ltd. (“Mawer”); and
- > NEI Investments (“NEI”).

Transactions are normally arranged through a large number of brokerage houses and no principal broker is retained. Information about each investment manager, together with a list of the funds they manage, is contained in the Fund Facts.

The assets of the Segregated Funds may be invested in any way we judge to be most effective under the circumstances prevailing at any time to achieve the investment objectives of each Segregated Fund.

By investing in a Versatile Portfolios™ Policy, the Policyholder is purchasing an insurance Policy and is not a unitholder of the Underlying Fund(s). Co-operators Life Insurance Company owns the assets, including all asset investments and investment earnings, of the Segregated Funds. These assets are segregated from our other assets to protect them from any creditor claims in the event of an insolvency.

The assets of the Segregated Funds may be invested in any way we judge to be most effective under the circumstances prevailing at any time to achieve the investment objectives of the individual Segregated Fund. We do not guarantee the performance of the Segregated Funds. You should carefully consider your tolerance for risk when you select an Investment Option.

Co-operators Life Insurance Company will not be liable for any of the following:

- > any loss that you may incur as a result of investing in the Segregated Funds;
- > any error of judgement or mistake as to law or fact that we make with regard to our investment in any segregated fund; or
- > any act or omission of the Policyholder with regard to the investments in the Segregated Funds.

13.1. Valuation of Assets

We determine the market value of the assets of each Segregated Fund on a Valuation Day. Each Segregated Fund's Valuation Day may vary and we reserve the right to change the frequency and timing of valuations which, in any event, will not be less than monthly. Any decrease in the frequency with which Units of the Segregated Fund are to be regularly valued will be considered a fundamental change to which the Fundamental Change provisions apply.

Where possible, the market value of an asset of a Segregated Fund on a Valuation Day will be the closing sale price on a nationally recognized stock exchange on that business day; and in all other cases the fair market value as determined by us.

13.2. Unit Value

On the Valuation Day of each Segregated Fund, the Unit Value is determined by dividing the market value of the assets of that Segregated Fund (minus any management fees, other fees and expenses) by the number of Units allocated to all Policies at the time of valuation. The Unit Value applies on that Valuation Day and remains in effect until the next Valuation Day. Dividends, interest income and capital gains are retained in each Segregated Fund which increase the Unit Value. The number of Units in a Segregated Fund acquired by your Policy is determined by dividing the contributions and transfers allocated to the Segregated Fund by the Unit Value of the respective Segregated Fund on the Valuation Day when the Units are acquired.

13.3. Management Fees

Management fees cover the charges we incur for the management and administration of the Segregated Funds, and are calculated based on the net asset value of the Segregated Funds and the surrender option chosen. All management fees are charged to the Segregated Funds and are paid into the general funds of the Company. The management fee of the Segregated Fund includes the management fee charged by the Underlying Fund. The management fee applicable to each Segregated Fund is detailed in Schedule "A".

Underlying Funds may increase the management fee subject to approval by the unitholders of the fund but such an increase will only be a fundamental change if the Segregated Fund increases its management fee.

We reserve the right to increase the management fees from time to time, subject to the Fundamental Change provisions.

13.4. Other Fees and Expenses

Expenses paid to third parties may be charged to each Segregated Fund and will decrease the Unit Value. Such charges may include any or all of the following:

- > Administrative fees;
- > Audit, legal, custodial, safekeeping, registrar and transfer agent fees;
- > Costs of regulatory documentation; and
- > Fund accounting and valuation costs.

The Fund of Funds consists of an allocation of Units from other Underlying Funds. The other fees and expenses include the corresponding amounts of the Underlying Funds and there is no duplication of fees.

13.5. Management Expense Ratio (MER)

The Management Expense Ratio (MER) is comprised of all fees and operating expenses of the Segregated Fund, including the management fee, other fees and expenses which the fund is subject to. These fees are paid or payable by the Segregated Fund, not you directly. The MER is calculated by dividing the Segregated Fund's total payable fees, charges and other expenses (including any applicable taxes and interest charges) during the financial year by the amount of the average net asset value of the Segregated Fund for that financial year.

Where the Segregated Fund invests in an underlying fund, the MER includes fees and expenses paid by the underlying fund, as well as all fees and expenses paid or payable by the Segregated Fund. There are no management fees or sales charges payable by the segregated fund that would duplicate a fee or sales charge payable by the underlying fund for the same service.

The MER of each fund that invests in underlying Segregated Funds is calculated as the weighted average of the Management Expense Ratios of each of the underlying Segregated Funds in proportion to their holdings.

The Management Expense Ratio of each Segregated Fund is detailed in the Versatile Portfolios™ ESP Fund Facts booklet and the Audited Financial Statements, the latter of which includes the Financial Highlights. The MER of each of the funds indicated is calculated based on each Segregated Fund on the last Valuation Day of the calendar year. The current MER will be disclosed when the Audited Financial Statements for this calendar year are published. Audited Financial Statements are available on our website or upon request.

13.6. Addition or Withdrawal of a Segregated Fund

We reserve the right to increase or decrease the number of Segregated Funds available for investment within your Policy. In the event we choose to withdraw or close a Segregated Fund, this will constitute a Fundamental Change to which the Fundamental Change provisions applies.

Any amount that is allocated to a segregated fund is invested at the risk of the Policyholder and may increase or decrease in value.

13.7. Compensation

Versatile Portfolios™ ESP IVICs are sold through our Agents. We compensate our Agents for the professional advice and services provided to you. We pay trailer commissions for the ongoing service and advice you receive. The current trailer fee is .0315% monthly. We reserve the right to change the rates and terms of commissions.

14. FUNDAMENTAL CHANGES

We will notify the Policyholder in writing at least 60 days (“notice period”) before making any of the following fundamental changes in respect of a Segregated Fund under the Policy (“Fundamental Changes”):

- > an increase in the management fee which may be charged against the assets of the Segregated Fund;
- > a change in the fundamental investment objectives of the Segregated Fund;
- > a decrease in the frequency with which Units of the Segregated Fund are to be regularly valued; or
- > a fundamental change may also occur in the event that a fund is closed or if two or more funds are merged.
- > you will receive our notice of any Fundamental Change by mail at the address we currently have on our records.

14.1. Fundamental Change Rights

When a Fundamental Change occurs, you may exercise one of the following rights:

- > the right to transfer; or
- > the right to redeem

14.1.1. Right to Transfer

You may transfer within the Policy, and without affecting any of your other rights or obligations under the Policy, to a similar Segregated Fund in the same investment category offered under this Policy that is not subject to the Fundamental Change for which the notice is being delivered without incurring any fees as long as we receive your election by 3 p.m E.S.T. on the date indicated in our notice letter. The similar Segregated Fund must have comparable fundamental investment objectives, be in the same investment fund category, and have the same management fee as or lower than that of the Segregated Fund subject to the Fundamental Change; or

14.1.2. Right to Redeem

If we do not offer a similar Segregated Fund, redeem the Units of the Segregated Fund without incurring any fees as long as we receive your election by 3 p.m E.S.T. on the date indicated in our notice letter.

If any Segregated Fund is subject to a Fundamental Change, we reserve the right to discontinue transfers to that Segregated Fund during the notice period in the event it is closing. In all other cases of Fundamental Changes, you will be permitted to transfer to that Segregated Fund if you waive your right to redeem in writing.

14.2. Fundamental Changes to funds that invest in underlying mutual funds

The Versatile Portfolios™ ESP allows you to invest in certain Segregated Funds that are invested entirely in Units of the corresponding underlying mutual funds. A listing of those funds is provided in the “Funds that invest in underlying mutual funds” in the Fund Facts. you are purchasing an insurance Policy and if you invest in a Segregated Fund that invests in an underlying mutual fund you are not a unitholder of the underlying mutual fund. The investment objectives of a Segregated Fund correspond with the investment objectives of the underlying mutual fund in which it invests. A Fundamental Change to the investment objectives of the underlying mutual fund cannot be made unless approved by the unitholders of the underlying mutual fund. Upon the unit holder's approval, we will notify you of the Fundamental Change if you have invested in a Segregated Fund which has invested in the particular underlying mutual fund that was subject to the change.

We reserve the right to make fundamental changes to these Segregated Funds, and also reserve the right to change the underlying mutual fund. If the change to the underlying mutual fund is a Fundamental Change, the Policyholder will have the right to transfer or the right to redeem as described above. Changing an Underlying Fund to another substantially similar Underlying Fund will not constitute a fundamental change as long as the total amount of the management fee immediately after the change is the same as, or lower than, the total amount of the management fee immediately prior to the change.

A substantially similar Underlying Fund is one that meets all of the following criteria:

- > it has similar fundamental investment objectives as the Underlying Fund that is changing;
- > it is in the same investment fund category as the changing Underlying Fund; and
- > it has the same or lower management fee as the changing Underlying Fund.

We will notify you, our regulators and the CLHIA in writing at least 60 days before effecting any change.

If such notice is not practicable under any circumstance, we will provide notice as soon as reasonably practicable.

We will also amend or re-file the Information Folder to reflect the change. The foregoing may be superseded by any legislative or regulatory developments governing changes to segregated funds.

15. POLICY NOTIFICATIONS

15.1. Policy Statements

Semi-annually, you will receive a statement of the financial status of your Policy as of a Valuation Day not more than 4 months prior to the mailing date. The statement will contain the following information:

- > the total Account Value of your Policy;
- > the Account Value of your Policy in respect of each Investment Option chosen (including the number of Units acquired by your Policy in any Segregated Funds and the Unit Value for each of the Segregated Funds);
- > your Contributions, if any, plus Canada Education Savings Grants, Canadian Learning Bonds, Alberta Centennial Education Savings Grants, and any other federal and provincial grants allocated to a Segregated Fund to acquire Units during the period; and.

In addition, audited financial statements showing the details of each Segregated Fund as of December 31st of the previous year, the Management Expense Ratios, the rates of return calculated on a net basis for each of the Segregated Funds and a Schedule of Investments which lists all of the assets held in each of the Segregated Funds will be made available to all Policyholders by April 30th of each year. These statements and current performance information can be obtained through the Company's website (www.cooperators.ca), upon request to your Agent or by calling 1-800-454-8061. Non-audited financial statements will be available by September 15 and can be obtained upon request.

15.2. notice

Any written notification or other communication required or permitted to be given to the Company under this Policy shall be in writing and delivered by mail, by personal delivery or by facsimile or similar means of recorded electronic communication addressed to our Head Office; the Company will provide the Policyholder with written notification or other communication by mail or by personal delivery to the Policyholder at the address we currently have on our records (“notice”).

Notice from us is deemed to have been given to you and received by you in accordance with the following delivery methods:

- > notice by mail to the last known address of the Policyholder: notice is effective on the 5th business day after we post it in the mail;
- > notice by personal delivery: notice is effective on the day you receive any notice or other communication from us in person; or
- > notice by electronic transmission: where notice was made between 5 p.m. and midnight E.S.T., it shall be deemed to have been made on the following business day as long as such electronic means provides confirmation of transmission.

Except any transaction or contribution request, any notice we receive from you either by mail, personal delivery or electronic transmission is deemed to have been given to us and received by us in accordance with the following:

- > if we receive your notice between midnight and 5 p.m. E.S.T. on a business day, it will be deemed to have been made on that business day; or
- > if we receive your notice between 5 p.m. and midnight E.S.T. on any day, it shall be deemed to have been made on the following business day; and
- > any notice by electronic transmission shall provide confirmation of your transmission.

Any transaction or contribution request from the Policyholder must be in accordance with the Transaction Timing section.

Versatile Portfolios™

SAFE, SMART & SIMPLE



For more information, visit www.cooperators.ca.

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