

## **CLASSIC EDUCATION SAVINGS PLAN EDUCATION ASSISTANCE AGREEMENT**

THIS AGREEMENT is made as of the date of the enrolment application shown on the cover page attached hereto.

BETWEEN:

KNOWLEDGE FIRST FOUNDATION, a not-for profit corporation continued under the *Canada Not For Profit Corporations Act* (hereinafter called the “**Foundation**”), sponsor and promoter of the “CLASSIC EDUCATION SAVINGS PLAN”,

- and -

THE INDIVIDUAL(S) OR OTHER ENTITY NAMED AS SUBSCRIBER(S) IN THE ENROLMENT APPLICATION SHOWN ON THE COVER PAGE ATTACHED HERETO (hereinafter called the “**Subscriber**”),

**WHEREAS** the Foundation is established and operates for the purpose of providing educational assistance payments to students in Post-Secondary Programs of Study at Recognized Institutions and for the purpose of the advancement of education;

**AND WHEREAS** the Subscriber wishes to make monies available to provide the person designated herein with the opportunity of obtaining a post-secondary education and for the purpose of the advancement of education;

**AND WHEREAS** the Subscriber has applied to enter into this education savings plan with the Foundation under which, in consideration of Contributions made by the Subscriber, and/or Government Grants received in respect of the Beneficiary, the Foundation agrees to pay, or cause to be paid, to the Beneficiary designated herein educational assistance payments, all in accordance with the terms of this Agreement;

**AND WHEREAS** the Foundation has appointed KNOWLEDGE FIRST FINANCIAL INC. (the “**Manager**”) as the Investment Fund Manager and Distributor of Units of the Classic Education Savings Plan;

**AND WHEREAS** the Foundation has also delegated to KNOWLEDGE FIRST FINANCIAL INC. (the “**Agent**”) certain of its duties as promoter of education savings plans;

**NOW THEREFORE** the Subscriber and the Foundation, in consideration of the terms and agreements hereinafter provided, hereby covenant and agree as follows:

## DEFINITIONS

1. Whenever used in this Agreement or the Application, the following terms shall have the meanings set out below:
  - (a) **Academic Year** is an academic level of progress in completing a Post-Secondary Program of Study, most normally measured by the successful completion of a full-time post-secondary school year of study in that program.
  - (b) **Act** is the *Income Tax Act* (Canada), as may be amended from time to time.
  - (c) **Agreement** is this agreement, including the cover page, and any riders and amendments hereto.
  - (d) **Application** is the enrolment application for a Plan as signed by the Subscriber which is deemed to form part of this Agreement.
  - (e) **BCTESP Regulation** is the *British Columbia Training and Education Savings Program Regulation* adopted under the *Special Account Appropriation and Control Act* (British Columbia), as may be amended from time to time.
  - (f) **Beneficiary** is a person, designated by a subscriber of an RESP, to whom or on whose behalf an educational assistance payment under the RESP is agreed to be paid if the person qualifies under the RESP.
  - (g) **CESA** is the *Canada Education Savings Act* (Canada) and any regulations thereunder, as may be amended from time to time, and Part III.1 of the *Department of Employment and Social Development Act* (Canada), as it read immediately before its repeal, and any regulations thereunder.
  - (h) **CESG** is the Canada Education Savings Grant paid pursuant to CESA.
  - (i) **Contribution** is the amount of any and all Deposits, less the insurance premiums, on which the RESP Limits and Government Grants apply. Contributions do not include any Government Grants received by the Trustee in respect of the Student.
  - (j) **Date of Discontinuation** is the date this Agreement is discontinued pursuant to paragraph 34 hereof.
  - (k) **Date of Maturity** is, subject to a change of Maturity Year pursuant to this Agreement, the date of maturity specified on the cover page of this Agreement being July 31 in the Maturity Year.
  - (l) **Date of Termination** is the date this Agreement is terminated pursuant to paragraph 38 hereof.

- (m) **Deposit** is the amount given to the Depository and includes insurance premiums.
- (n) **Depository** is any trust company or chartered bank authorized to accept monies on deposit that is approved by the Trustee and that is a member of the Canada Deposit Insurance Corporation.
- (o) **Designated Provincial Program** means a program, such as the programs established under the SAGES Act and the BCTESP Regulation administered pursuant to an agreement entered into under section 12 of the CESA, or a program, such as the QESI, established under the laws of a province to encourage the financing of children's post-secondary education through savings in registered education savings plans.
- (p) **Distributor** means a registered scholarship plan dealer responsible for the sale and distribution of education savings plans.
- (q) **EAP** is an educational assistance payment which is an amount, other than a refund of Contributions, paid under the terms of this Agreement to or for an individual to assist the individual to further his or her education at a Post-Secondary School Level. No EAPs will be paid under this Agreement after the Date of Termination.
- (r) **FEAP Account** is the Foundation education assistance payment account in respect of the Year of Eligibility. The FEAP Account is set up to hold income that has accumulated on Contributions made to all SSAs under agreements that have the same Year of Eligibility. This income is transferred to such FEAP Account at the earlier of the Date of Maturity and Date of Termination for each particular agreement. The funds in the FEAP Account are held in trust by the Trustee.
- (s) **Government Grants** are (i) CESGs administered under CESA; (ii) the Canada Learning Bond administered under CESA; (iii) the QESI; (iv) the Saskatchewan Advantage Grant for Education Savings administered under the SAGES Act; (v) the BCTESP grant administered under the BCTESP Regulation, (vi) any Designated Provincial Program; and (vii) any amount paid into the Plan under or because of any program that has a similar purpose to a Designated Provincial Program and that is funded, directly or indirectly, by a province.
- (t) **Grant Account** is the government grant account set up to hold any Government Grants received by the Trustee in respect of the Student and any income earned thereon. The funds in the Grant Account are held in trust by the Trustee.
- (u) **Grant Agreement** is the CES Grant Agency Agreement between the Foundation and the Trustee in respect of Government Grants, as amended and/or restated from time to time.

- (v) **Grant Legislation** is CESA and any other federal or provincial legislation respecting a Government Grant program such as the SAGES Act and the BCTESP Regulation, that is administered pursuant to an agreement entered into under section 12 of CESA.
- (w) **Income Account** is the segregated account set up to hold all income earned on the assets of the FEAP Account and other amounts as specified in this Agreement. The funds in the Income Account are held in trust by the Trustee.
- (x) **Investment Fund Manager** means a person or company who has the power and exercises the responsibility to direct the affairs of an investment fund.
- (y) **Maturity Year** is the maturity year specified in the Application being the year in which the Student is anticipated to enrol in his or her first Academic Year of post-secondary education or, where the Maturity Year has been changed under the terms of this Agreement, that other year.
- (z) **Plan** is a Classic Education Savings Plan.
- (aa) **Post-Secondary Program of Study** is a “qualifying educational program”, as that term is defined in subsection 146.1(1) of the Act and, in particular, it means a program at a Post-Secondary School Level of not less than three consecutive weeks duration that requires that each Beneficiary taking the program spend not less than ten hours per week on courses or work in the program, and that is acceptable to the Foundation. Acceptable programs are programs leading to a degree, diploma or certificate which requires graduation from a twelve-year program (eleven-year program under a Quebec Agreement), excluding kindergarten, as a pre-requisite for admission and requires full-time classroom attendance for a minimum of six months in the aggregate of any Academic Year for each of a minimum of two Academic Years.
- (bb) **Post-Secondary School Level** includes a program of courses, at an institution described in subparagraph (a)(ii) of the definition “designated educational institution” in subsection 118.6(1) of the Act, of a technical or vocational nature designed to furnish a person with skills for, or improve a person’s skills in, an occupation.
- (cc) **Public Primary Caregiver** is a “public primary caregiver” as that term is defined in subsection 146.1(1) of the Act.
- (dd) **Primary Caregiver** is a “Primary Caregiver” as that term is defined in subsection 2(1) of CESA.
- (ee) **Qualified Investments** are “qualified investments” as that term is defined in subsection 146.1(1) of the Act.

- (ff) **Qualified Student** is a student under a Plan with the same Year of Eligibility as the Student (including the Student) who is enrolled by a Recognized Institution in the Year of Eligibility as a full-time student in his or her second, and subsequently without interruption into his or her ensuing third or fourth, Academic Year, as the case may be, of a Post-Secondary Program of Study provided that the agreement designating that student as Beneficiary is in good standing.
- (gg) **Qualifying Institution** is an educational institution in Canada described at subparagraph 118.6(1)(a)(i) of the Act as a university, college or other educational institution designated by the Lieutenant Governor in Council of a province as a specified educational institution under the *Canada Student Loans Act*, designated by an appropriate authority under the *Canada Student Financial Assistance Act*, or designated by the Minister of Education of the Province of Quebec for the purposes of the *Act respecting financial assistance for education expenses*, chapter A-13.3 of the Revised Statutes of Quebec.
- (hh) **QESI** is the Quebec refundable tax credit for education savings.
- (ii) **Recognized Institution** is a “post-secondary educational institution”, as that term is defined in subsection 146.1(1) of the Act and, in particular, it means: (i) an educational institution in Canada that is (A) a Qualifying Institution, or (B) certified by the Minister of Employment and Social Development Canada to be an educational institution providing courses, other than courses designed for university credit, that furnish a person with skills for, or improve a person's skills in, an occupation; or (ii) an educational institution outside Canada that is a university, college or other educational institution that provides courses at a Post-Secondary School Level at which a Beneficiary was enrolled in a course of not less than thirteen consecutive weeks, and that is acceptable to the Foundation. Acceptable institutions are:
- (i) any university or college which is a member of the Association of Universities and Colleges of Canada (Ottawa, ON), Association of Canadian Community Colleges (Ottawa, ON), Middle States Association of Colleges and Schools (Philadelphia, PA), The Northwest Association of Colleges and Schools (Seattle, WA), North Central Association of Colleges and Schools (Chicago, IL), New England Association of Schools and Colleges (Bedford, MA), Southern Association of Colleges and Schools (Decatur, GA), Western Association of Schools and Colleges (Oakland & Aptos, CA), International Association of Universities (Paris) or Association of Commonwealth Universities (London and Ottawa), or, subject to the Act, any other educational institution of higher learning in Canada or elsewhere approved by the Foundation; and

- (ii) any of those institutions known as Community Colleges, Junior Colleges, technical and technological institutions and collèges d'enseignement général et professionnel (“cégeps”) or, subject to the Act, any other post-secondary educational institution in Canada or elsewhere approved by the Foundation. Except for the Quebec Agreement, the academic equivalent to the first year of post-secondary education is cégep II in Quebec.
- (jj) **RESP** is an education savings plan that has been registered for the purposes of the Act.
- (kk) **RESP Limits** are the RESP annual Contribution limit of \$1,500 for 1990 to 1995, \$2,000 for 1996, and \$4,000 for 1997 to 2006 and the RESP lifetime Contribution limit of \$31,500 for 1990 to 1995, \$42,000 for 1996 to 2006 and \$50,000 for 2007 and subsequent years, both as prescribed under the Act, or such other amounts as may be stipulated in the Act from time to time.
- (ll) **SAGES Act** is *The Saskatchewan Advantage Grant for Education Savings (SAGES) Act* and any regulations thereunder, as may be amended from time to time.
- (mm) **SSA** is the Subscriber’s Savings Account the assets of which are held by the Trustee, in trust, pursuant to the terms of the Trust Agreement and consist of all Contributions made by or on behalf of the Subscriber in accordance with this Agreement, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, and any income earned thereon.
- (nn) **Student** is the person designated by the Subscriber in the Application as Beneficiary (who must be under thirteen years of age at the time this Agreement is entered into) or any person duly substituted for such Student in accordance with the terms of this Agreement.

Notwithstanding the foregoing, as of September 8, 2003, a person can only be designated as Beneficiary under this Agreement if that person’s Social Insurance Number is provided to the Manager before the designation and either

- (i) the person is resident in Canada when the designation is made, or
- (ii) the designation is made in conjunction with a transfer of property into the Plan governed by this Agreement from another RESP under which the person was a Beneficiary immediately before the transfer, in which case the person’s Social Insurance Number need not be provided to the Foundation in respect of the designation if that person is not a resident of Canada for the purposes of the Act and was not assigned a Social Insurance Number before the designation is made.

- (oo) **Subscriber** is at any time, (i) the individual (or spouse or common-law partner of the individual), but not a trust, who enters into this Agreement, (ii) the Public Primary Caregiver who enters into this Agreement, (iii) an individual or another Public Primary Caregiver who has, before that time under a written agreement, acquired a Public Primary Caregiver's rights as a Subscriber under this Agreement, (iv) an individual who has before that time acquired a Subscriber's rights under this Agreement pursuant to a decree, order or judgment of a competent tribunal, or under a written agreement relating to a division of property between the individual and the Subscriber under this Agreement, in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership, or (v) any person (including the estate of the Subscriber) who, after the death of the Subscriber, acquires the Subscriber's rights as a Subscriber under this Agreement or who makes Contributions, in accordance with the terms of this Agreement, in respect of the Student.

Where there are two Subscribers under this Agreement, any action permitted or required to be taken by the Subscriber shall be taken by all such individuals acting together. It is a requirement under the Act that both such individuals be spouses or common-law partners of each other.

- (pp) **Trust Agreement** is the agreement, as may be amended from time to time, in effect between the Foundation and the Trustee.
- (qq) **Trustee** is the trust company, licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as a trustee, acting from time to time as the Trustee under the Trust Agreement. All trusts governed by the plan are resident in Canada.
- (rr) **Unit** is a unit of participation in a Plan, as specified on the cover page of this Agreement. The Subscriber may purchase more than one Unit for the Student, or part thereof, provided that the amount contributed by or on behalf of the Subscriber to purchase the Units does not exceed the RESP Limits.
- (ss) **Unit Termination Date** is the date on which a Unit or Units in respect of the Plan governed by this Agreement is/are terminated pursuant to paragraph 39 hereof.
- (tt) **Year of Eligibility** is the year in which it is anticipated that the Student will be accepted into his or her second Academic Year level of a Post-Secondary Program of Study or, where the Year of Eligibility has been changed under the terms of this Agreement, that other year.

## SAVINGS ACCOUNT

2. The Subscriber agrees to make Deposits to the Depository in accordance with the Application. The Subscriber may change the manner of making Deposits and/or the

amount of the Deposits by arrangement with the Manager Contributions made on behalf of the Student cannot exceed the RESP Limits. Deposits may be made up to the end of the twenty-first year following the year in which this Agreement was entered into.

As of January 1, 2004, no Contribution may be made by the Subscriber on behalf of the Student unless either

- (a) the Student is resident in Canada when the Contribution is made and, if this Agreement was entered into after 1998, the Student's Social Insurance Number is provided to the Manager before the Contribution is made, or
  - (b) the Contribution is made by way of transfer from another RESP under which the Student was a Beneficiary immediately before the transfer.
3. Deposits, less any premiums paid pursuant to paragraph 58 hereof, are transferred by the Depository to the Trustee as they are received.
4. Pursuant to the terms of the Trust Agreement, the Trustee agrees to irrevocably hold, invest and reinvest all such transfers referred to in paragraph 3 in the SSA. All Contributions received by the Trustee in respect of the Student, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, together with all income earned thereon, will be irrevocably held by the Trustee for:
  - (a) a refund of Contributions pursuant to paragraph 13, 14 or 40 hereof;
  - (b) a payment to a trust governed by another RESP pursuant to paragraph 29 hereof;
  - (c) a transfer of all income earned in respect of money held in the SSA into the FEAP Account pursuant to paragraph 11 or 30 hereof;
  - (d) a transfer of the principal amount of Contributions held in the SSA into the Income Account pursuant to paragraph 16, 41 or 63 hereof; and/or
  - (e) at the direction of the Foundation, a payment to, or to a trust in favour of, a Qualifying Institution.
5. The funds held in the trust will be invested and reinvested in investments that are (a) Qualified Investments; and (b) permitted by National Policy No. 15 as administered by the Canadian Securities Administrators.
6. The Subscriber is entitled to a refund of the Contributions, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, at any time prior to the Date of Maturity. In the event the Contributions in respect of all Units under this Agreement are refunded prior to the Date of Maturity, this Agreement is automatically discontinued pursuant to paragraph 34 hereof.



### **GOVERNMENT GRANTS**

7. Pursuant to the terms of the Grant Agreement and CESA, where the Student is eligible to receive CESGs, each year in which Contributions have been made by or on behalf of the Subscriber, the Foundation, as agent of the Trustee, will or will cause the Agent to apply, for CESGs in respect of the Student at the request of the Subscriber and upon receiving any information required under CESA.
8. Pursuant to the terms of the applicable Grant Legislation, where the Student is eligible to receive Government Grants, the Foundation, as agent of the Trustee, will apply, or will cause the Agent to apply, for a Government Grant in respect of the Student upon receiving a written request from the Subscriber and/or the Primary Caregiver of the Student, where required. The Subscriber hereby consents to the Foundation providing, or causing the Agent to provide, any information respecting this Agreement that is required by the applicable Grant Legislation in applying for a Government Grant.
9. All Government Grants in respect of the Student that have been received by the Trustee under this Agreement, and all income earned thereon, will be held in the Grant Account and will be invested pursuant to paragraph 5 hereof.
10. Pursuant to the terms of the Trust Agreement and applicable Grant Legislation, the Trustee agrees to irrevocably hold, invest and reinvest the assets of the Grant Account, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, for:
  - (a) a payment of EAPs as permitted under the Act;
  - (b) a refund of Government Grants, and/or any income earned thereon, pursuant to paragraph 57 hereof;
  - (c) a payment to a trust governed by another RESP pursuant to paragraph 31 hereof; and/or
  - (d) at the direction of the Foundation, a payment to, or to a trust in favour of, a Qualifying Institution.

### **TRANSFER OF INCOME AND PAYMENT TO STUDENT**

11. At the earlier of the Date of Maturity or the Date of Termination (or the Unit Termination Date in respect of a particular Unit), subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, all income earned in respect of monies held in the SSA (or all income earned in respect of monies held in the SSA referable to such Unit being terminated) will be transferred and maintained in the FEAP Account. Income earned in respect of monies held in all SSAs under all Plans with the same Year of Eligibility will be held in aggregate in the FEAP Account.

12. Pursuant to the terms of the Trust Agreement, the Trustee agrees to irrevocably hold, invest and reinvest the assets of the FEAP Account, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, for:
  - (a) a payment of EAPs as permitted under the Act;
  - (b) a transfer of all income earned in respect of money held in the FEAP Account into the Income Account pursuant to paragraph 17 hereof;
  - (c) a transfer of assets held in the FEAP Account into the Income Account pursuant to paragraph 62 hereof; and/or
  - (d) at the direction of the Foundation, a payment to, or to a trust in favour of, a Qualifying Institution.
13. On the Date of Termination, Date of Discontinuation or Unit Termination Date, if the Date of Termination, Date of Discontinuation or Unit Termination Date is earlier than the Date of Maturity, the Subscriber is entitled to a return of all Contributions held in the SSA, or all such Contributions referable to such Unit or Units (being the Contributions made by or on behalf of the Subscriber subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof).
14. The Contributions held in the SSA at the Date of Maturity (being the Contributions made by or on behalf of the Subscriber subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof) will be held in the SSA and refunded to the Subscriber, or paid to the Student, at the Subscriber's instruction, in whole or in part, upon the receipt by the Manager of a written request by the Subscriber. All income earned in respect of Contributions held in the SSA after the Date of Maturity will be transferred to and maintained in trust in the FEAP Account.
15. After two (2) years from the Date of Maturity, to the extent any Contributions remain in the SSA, these, along with any remaining Government Grants and income earned on Government Grants, will be automatically transferred to a RESP governed by the Family Single Student Education Savings Plan opened in the name of the Subscriber and on behalf of the Subscriber, as authorized by the Subscriber in the Application.
16. Any refund of Contributions to the Subscriber will be subject to all Deposit cheques for such Contributions having cleared the banking system.
17. All income earned in respect of monies held in the FEAP Account will be transferred to and maintained in trust in the Income Account, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, for:
  - (a) a payment of EAPs as permitted under the Act; and/or

(b) a payment to, or to a trust in favour of, a Qualifying Institution,

the payments to be made on or before the last day of the twenty-fifth year (up to the thirty-fifth year with the Foundation's approval) following the year in which this Agreement is entered into.

### **CHANGE OF STUDENT**

18. The Subscriber may, on written notice to the Manager, designate another Student (a "Substitute Student") in place of the original Student provided that the original Student and the Substitute Student are each under the age of thirteen at the date of receipt of such notice by the Manager.
19. Notwithstanding paragraph 18 hereof, if, prior to the Date of Maturity, the Student is unable to pursue a Post-Secondary Program of Study on account of his total mental or physical incapacity, as certified by two doctors, one of whom shall be designated by the Manager, the Subscriber may designate a Substitute Student in place of the original Student provided that (a) the original Student under this Agreement is under nineteen years of age, and (b) such Substitute Student is not older than the original Student.
20. Notwithstanding paragraph 18 hereof, if the Student dies prior to September 1 of the Year of Eligibility, the Subscriber may, on written notice to the Manager within ninety days after such death, designate a Substitute Student in place of the original Student, provided that such Substitute Student is not, at that time, qualified to receive EAPs under a Foundation sponsored RESP.
21. Where a Subscriber wishes to designate a Substitute Student pursuant to paragraph 18, 19 or 20 hereof and the Substitute Student is not the same age as the original Student, the Subscriber must agree to such variation in the amount of subsequent Contributions required as may be determined by the Manager, subject to the RESP Limits. The Maturity Year and the Year of Eligibility will be changed so as to conform with the year of need of the Substitute Student.
22. Notwithstanding any change of Student, the date of application for this Agreement remains the date of application in respect of the original Student for the purpose of calculating the maximum time period for which Contributions can be made by or on behalf of the Subscriber under this Agreement (being the date of application to the end of the twenty-first year (up to the end of the thirty first year with the Foundation's approval) following the year this Agreement was entered into) and the date on which this Agreement must be terminated, and, as such, the date by which all EAPs to a Qualified Student must be paid (being the end of the twenty-fifth year (up to the end of the thirty fifth year with the Foundation's approval) following the year in which this Agreement was entered into).

23. Where there has been a change of Student, for the purposes of determining whether the RESP Limits have been exceeded, all of the Contributions made under this Agreement in respect of the original Student will be deemed to be Contributions made in respect of the Substitute Student unless the Substitute Student is under twenty-one years of age and either (a) a parent of the Substitute Student was a parent of the original Student, or (b) both the original Student and the Substitute Student are under twenty-one years of age and are connected to an original Subscriber by blood or adoption for the purposes of the Act.
24. Where there has been a change of Student, the Agent shall, where required under the terms of the applicable Grant Legislation, cause to be paid out of the Grant Account a refund of all or a portion of any Government Grant received by the Trustee in respect of the Student, and/or any income earned thereon.

#### **PLAN TRANSFER**

25. Subject to the Act and the Grant Legislation, assets held in a trust governed by another RESP (including Government Grants where permitted, but not including any income of that other RESP) may be directly transferred to the Trustee and form part of the assets held by the Trustee under this Agreement.
26. For the purpose of determining whether such a transfer results in RESP Limits being exceeded, amounts representing Contributions made to the other RESP will be deemed to be Contributions made under this Agreement unless the Beneficiary of the other RESP was the Student or the Student had not attained twenty-one years of age at the time of the transfer and a parent of the Student was a parent of the Beneficiary of the other RESP.
27. For the purpose of calculating the maximum time period for which Contributions can be made by or on behalf of the Subscriber under this Agreement (being the date of application to the end of the twenty-first year following the year this Agreement was entered into) and the date on which this Agreement must be terminated, (being the end of the twenty-fifth year (up to the end of the thirty-fifth year with the Foundation's approval) following the year in which this Agreement was entered into) and, as such, the date by which all EAPs to a Student must be paid, where a transfer to the Trustee has occurred pursuant to paragraph 25 hereof, this Agreement shall be deemed to have been entered into on the earlier of the day on which this Agreement was entered into and the day on which the other RESP was entered into.
28. Notwithstanding paragraph 25 hereof, a transfer of assets to the Trustee pursuant to paragraph 25 hereof will not be permitted if the other RESP has made an accumulated income payment as defined in the Act.
29. Subject to the Act, upon receipt of a written request from the Subscriber prior to the Date of Maturity, the Manager will transfer all or a portion of the Contributions held in the SSA, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, to a

trust governed by another RESP provided that such request is received by the Manager prior to the date on which the original Student under this Agreement turns nineteen years of age. None of the income earned in the SSA will be transferred to a trust governed by another RESP.

Upon the transfer of all or a portion of the Contributions held in the SSA to a trust governed by another RESP pursuant to paragraph 29 hereof, all of the income earned in respect of monies held in the SSA, or a portion related to the Contributions transferred, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, will be transferred to the FEAP Account.

30. Subject to the Act, upon receipt of a written request from the Subscriber on or after the Date of Maturity and after the date on which the original Student under this Agreement turns nineteen years of age, or at the Foundation's discretion upon the Date of Termination if at that time any accumulated income remains in the Grant Account, the Manager will transfer all or a portion of the Contributions held in the SSA, subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof, to a trust governed by a Family Single Student Education Savings Plan.

For greater certainty, none of the income earned in respect of monies held in the SSA, or a portion related to the Contributions transferred will be transferred to the transferee RESP and will instead be transferred to the FEAP Account.

31. All or a portion of any Government Grant received by the Trustee in respect of the Student, and/or any income earned thereon, will be transferred, along with the Contributions pursuant to paragraphs 29 and 30 hereof, to a trust governed by another RESP only when such a transfer is permitted by the applicable Grant Legislation.

#### **SUSPENSION, DISCONTINUATION AND TERMINATION**

32. Provided that the Student has not reached fourteen years of age, this Agreement will be suspended upon the Subscriber making a request to the Manager to temporarily suspend making Deposits under this Agreement.
33. Provided that the Student has not reached fourteen years of age, the Subscriber may reactivate a suspended Agreement up to two years after the date on which this Agreement was suspended upon payment of the following:
- (a) all missed Deposits that would normally have been made during the period that this Agreement was suspended; plus
  - (b) the income that would have been earned on the missed Deposits during the period that this Agreement was suspended.

The aggregate of any such payments (less any insurance premiums paid pursuant to paragraph 57) to reactivate a suspended Agreement must not exceed the RESP Limits.

34. This Agreement will be discontinued:
- (a) fifteen days after the Manager sends the Subscriber a final notice of default which must be sent at least fifteen days after the day on which the Manager sends the first such notice;
  - (b) two years plus one day from the date on which this Agreement was suspended unless this Agreement was reactivated pursuant to paragraph 33 hereof;
  - (c) upon the Subscriber making a written request to the Manager to terminate this Agreement, unless such request is made within sixty days after the date of signing the Application; or
  - (d) upon a refund of all of the Contributions held by the Trustee prior to the Date of Maturity, unless such refund is made within sixty days after the date of signing the Application.
35. Upon discontinuation of this Agreement, the Subscriber is entitled to a refund of all Contributions subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof. If the Contributions are refunded to the Subscriber, the Agent will cause to be repaid any Government Grants, and/or any income earned thereon, that must be repaid pursuant to the applicable Grant Legislation.
36. Provided that the Student has not yet reached fourteen years of age, the Subscriber may reactivate a discontinued Agreement up to two years after the date on which this Agreement was discontinued upon payment of the following:
- (a) any and all Contributions previously refunded to the Subscriber,
  - (b) all missed Deposits that would normally have been made during the period that this Agreement was discontinued (and during which this Agreement was suspended, where applicable), plus
  - (c) the income that would have been earned on all missed Contributions and refunded Contributions during the period that this Agreement was discontinued (and during which this Agreement was suspended, where applicable).

The aggregate of any such payments (less any insurance premiums paid pursuant to paragraph 58) to reactivate a discontinued Agreement must not exceed the RESP Limits. If this Agreement is reactivated, any CESG, SAGES or QESI grant room used up is not reinstated.

37. During the period that this Agreement is suspended or discontinued, insurance coverage will cease. Insurance coverage will be reactivated once the Subscriber reactivates the suspended or discontinued Agreement pursuant to paragraph 33 or 36 hereof.
38. This Agreement will be terminated on the earliest of:
  - (a) two years plus one day from the Date of Discontinuation, unless this Agreement was reactivated pursuant to paragraph 36 hereof;
  - (b) the date the Student turns fourteen years of age in the period during which this Agreement was suspended or discontinued, unless this Agreement was reactivated pursuant to paragraph 33 or 36 hereof;
  - (c) the date on which the Subscriber requests a refund of all Contributions made under this Agreement, if such request is made within sixty days after the date of signing the Application;
  - (d) the date on which the principal amount of all Contributions held in the SSA are transferred to a trust governed by another RESP pursuant to paragraph 29 hereof;
  - (e) the date on which the Subscriber makes a written request to the Manager to terminate this Agreement, if such request is made within sixty days after the date of signing the Application; and
  - (f) December 31 of the twenty-fifth year (up to the thirty-fifth year with the Foundation's approval) following the year in which this Agreement is entered into.
39. By written notice to the Manager, the Subscriber may reduce the number of Units under this Agreement, without terminating this Agreement, so long as the minimum Deposits, as set out in the prospectus in respect of the Plan that was in effect at the time this Agreement was entered into, are maintained.
40. Upon termination of this Agreement, the Subscriber is entitled to:
  - (a) if this Agreement is terminated within sixty days after the date of signing the Application, a return of all Contributions plus any enrolment fee deducted and group insurance premiums paid, or
  - (b) in any other case, a return of any and all Contributions remaining in the SSA subject to the fees referred to in paragraphs 58 through 61, inclusive, hereof.
41. If the Subscriber cannot be located by the Manager at his or her last known address or if the Subscriber does not confirm in writing, within three years less a day of the Manager sending the Subscriber written notice of discontinuation or termination of this

Agreement, instructions as to the return of any Contributions remaining in the SSA, then the Subscriber shall forfeit all right to and interest in such Contributions and the net Contributions will be retained and transferred into the Income Account.

### **ENROLMENT IN A RECOGNIZED INSTITUTION**

42. The Subscriber agrees that, prior to the enrolment of the Student in any Post-Secondary Program of Study, the Subscriber and/or the Student will ensure that such a program is at a Recognized Institution.

### **EDUCATION ASSISTANCE PAYMENTS**

43. The Student will be entitled to EAPs under this Agreement only when he or she is a Qualified Student. Prior to August 1 in every year in which the Student is entitled to receive an EAP hereunder, the Subscriber or the Student shall furnish proof satisfactory to the Manager that the Student has been accepted and enrolled by a Recognized Institution into the second, or ensuing third or fourth, Academic Year, as the case may be, of a Post-Secondary Program of Study.
44. No later than September 1 in each year in which the Student is entitled to receive an EAP hereunder, the Foundation will calculate the EAP available to each Qualified Student by taking the amount of all monies in the FEAP Account, and
- (a) for the first payment in the Year of Eligibility (such year being the second Academic Year at a Recognized Institution), dividing one-third of such monies by the number of Units relating to all Qualified Students times the number of Units relating to the Student;
  - (b) for the second payment in the year immediately following the Year of Eligibility (the third Academic Year at a Recognized Institution), dividing one-half of the remainder of such monies by the number of Units relating to all Qualified Students times the number of Units relating to the Student; and
  - (c) for the third payment in the second year immediately following the Year of Eligibility (the fourth Academic Year at a Recognized Institution), dividing the remainder of such monies by the number of Units relating to all Qualified Students times the number of Units relating to the Student.

In any event, and in particular if a Student has deferred the payment of an EAP pursuant to paragraph 52 hereof, if the Student has not been enrolled full-time in a Post-Secondary Program of Study at a Recognized Institution for at least thirteen consecutive weeks in the twelve month period preceding the time of payment, the total of the EAP and all other EAPs paid to the Student under any and all Foundation sponsored RESPs (including any payment of EAPs from the Grant Account and the Income Account) cannot exceed



\$5,000 (unless written approval for a greater amount has been obtained by the Subscriber from the Minister of Employment and Social Development Canada).

45. In September of each year in which an EAP is to be paid to the Student, the Manager will notify the Student of the amount payable to him or her as an EAP for the current Academic Year.
46. Neither the Foundation nor the Manager make any warranty or guarantee as to the amount of EAPs payable hereunder.
47. The amount of EAPs determined in accordance with paragraph 44 hereof to be available to the Student for an Academic Year shall be paid from the assets of the FEAP Account directly to the Student in two instalments payable in the months of September and December, respectively, in such Academic Year, or at such other time or times as the Manager may approve in particular cases depending upon when the Student is required to attend classes.
48. Upon payment of each of the three EAPs for the Student has qualified in accordance herewith and upon the Subscriber certifying that the Student is a resident of Canada for the purposes of the Act, the Agent will, in accordance with the applicable Grant Legislation, cause to be paid from the assets of the Grant Account to the Student as an EAP, a portion of any Government Grant received by the Trustee in respect of the Student and a portion of any income earned thereon.
49. Any Government Grants, and income earned thereon, remaining in government grant accounts in respect of students under all Plans with the same Year of Eligibility who did not become Qualified Students may be divided among the Qualified Students of Plans with the same Year of Eligibility if and as permitted under the applicable Grant Legislation.
50. It is a condition precedent to the obligation of the Foundation to provide an EAP hereunder that the date of birth of the Student as set out in the Application is correct.

#### **DISQUALIFICATION**

51. A Qualified Student shall be disqualified and cease to be a Qualified Student if:
  - (a) the Student does not advance without interruption into the next ensuing Academic Year level of a Post-Secondary Program of Study, unless a deferral has been granted by the Foundation pursuant to paragraph 52 hereof; or
  - (b) the Student has received EAPs for three Academic Years.

### **DEFERRAL**

52. If a Qualified Student for whom the amount available for an EAP in an Academic Year has been calculated is unable to attend a Post-Secondary Program of Study at a Recognized Institution for that Academic Year, the Manager may, in its discretion, pay in a subsequent Academic Year such amount, or so much thereof as has not already been disbursed as an EAP, and may continue to consider such Qualified Student as being qualified for the purpose of calculating the amount available for subsequent EAPs, all subject to such terms and conditions as the Manager shall prescribe. Students who cannot gain acceptance to the next higher Academic Year level at their Recognized Institution will be eligible for further payments provided that they, at their own expense, re-establish their eligibility for admission to that next higher Academic Year level within one year. Notwithstanding the foregoing, EAPs will only be paid to a Qualified Student on or before December 31<sup>st</sup> of the twenty-fifth year (up to the thirty-fifth year with the Foundation's approval) following the year in which this Agreement was entered into. On or before December 31<sup>st</sup> of the twenty-fifth year (up to the thirty-fifth year with the Foundation's approval) following the year in which this Agreement was entered into, at the direction of the Foundation, the amounts will be paid to, or to a trust in favour of, a Qualifying Institution.
53. Any and all Government Grants and income earned thereon which have been set aside pursuant to paragraph 52 hereof, but not paid to a Qualified Student may be allocated among other Qualified Students if and as permitted under the applicable Grant Legislation.

### **CHANGE OF MATURITY YEAR / YEAR OF ELIGIBILITY**

54. Where it appears that a Student may become a Qualified Student prior to the Year of Eligibility, the Maturity Year and/or the Year of Eligibility shall, on application of the Subscriber or the Student, be changed to an earlier year provided that such application is made to the Manager prior to August 1 in such earlier year. Where this occurs, the principal amount of the Contributions in the SSA will be reduced by an amount equal to the amount of additional interest that, in the opinion of the Manager, would have been earned if such amount had remained in the SSA until the original Date of Maturity and such amount will be transferred to the FEAP Account in respect of the new Year of Eligibility. This transfer of Contributions to the FEAP Account will result in those Contributions being taxed in the hands of the Beneficiary. In the alternative, the Subscriber may leave his or her Contributions in the SSA until the original Date of Maturity at which time he or she will receive a refund of Contributions pursuant to paragraph 14 hereof without any interest deduction. EAPs will then become available in accordance with paragraph 44 hereof assuming the Student is a Qualified Student.
55. Where it appears that a Student will not become a Qualified Student during the Year of Eligibility, the Manager may, in its discretion, change the Year of Eligibility upon

application of the Subscriber or the Student prior to August 1 of such year. If the application to change the Year of Eligibility is accepted by the Manager, the funds in relation to the Student, where necessary, will be moved to the FEAP Account for the corresponding Year of Eligibility. It is the policy of the Foundation that such a change is granted until the Student attains twenty-two years of age, provided that such a change does not result in this Agreement providing for the payment of EAPs past the Date of Termination. On or before December 31<sup>st</sup> of the twenty-fifth year (up to the thirty-fifth year with the Foundation's approval) following the year in which this Agreement was entered into, at the direction of the Foundation, the amounts will be paid to, or to a trust in favour of, a Qualifying Institution.

### **REFUND OF GOVERNMENT GRANTS**

56. As and when required under the applicable Grant Legislation, the Agent shall, in accordance with the applicable Grant Legislation, cause to be paid out of the Grant Account a refund of all or a portion of the Government Grants received by the Trustee in respect of the Student and/or any income earned thereon.

### **FEES AND OTHER DEDUCTIONS**

57. The Subscriber irrevocably authorizes and directs the Manager to withdraw from Deposits made by the Subscriber to the Depository, prior to the transfer of the balance of the Deposits into the SSA, group insurance premiums, to be remitted to the insurance carrier or as it may direct, unless the Subscriber is a resident of Quebec and has declined the group insurance, the Subscriber has attained sixty-five years of age by the date hereof and the Subscriber has provided his or her date of birth, or the Subscriber is to make a one time Deposit, in accordance with his or her Application, to the SSA.
58. The Subscriber irrevocably authorizes and directs the Manager to withdraw from the Contributions transferred to the SSA:
- (a) an enrolment fee, not to exceed \$100 per Unit (plus applicable taxes) including the pro-rata equivalent related to all partial Units subscribed for, such fee to be paid as follows:
    - (i) in respect of the first \$50 of enrolment fee (or the pro-rata equivalent related to a partial Unit), plus applicable taxes, the fee will be paid from the first \$50 (or the pro-rata equivalent) of Contributions made by the Subscriber in respect of a Unit (or partial Unit); and
    - (ii) in respect of the remaining \$50 of enrolment fee (or the pro-rata equivalent related to a partial Unit), plus applicable taxes, the fee will be paid from 50% of subsequent Contributions made by the Subscriber in respect of a Unit (or partial Unit) ;

- (b) annual Depository fees, in such amounts as shall from time to time be agreed upon by the Foundation, provided, however, that only one annual Depository fee is payable regardless of the number of Units purchased for a Student so long as all such Units are purchased at the same time and have the same method of deposit; and
  - (c) any other special process fees as shall from time to time be agreed upon by the Foundation.
59. An administration fee of up to ½ of 1% per annum (plus applicable taxes) will be paid in respect of funds standing to the credit of the plan accounts, being the SSA, Grant Account, FEAP Account and Income Account (the “Plan Accounts”), and will be paid monthly in arrears and charged against income on the aggregate amounts held in such accounts prior to income allocation to the Plan Accounts. The Foundation will also be entitled to establish, from time to time, reasonable additional service charges and shall be entitled to the reimbursement of all disbursements made in respect of this Agreement.
60. The Trustee shall be paid fees and expenses and/or an annual custodial fee in the amount and frequency as may be set out in the Trust Agreement or agreed to by the Foundation and the Trustee, and charged to the Plan Accounts on a pro-rata basis against income prior to income allocation to the Plan Accounts.
61. Portfolio managers may be retained by the Manager from time to time and any fees to be paid for their services will be paid from the Plan Accounts on a pro-rata basis.

#### **FORFEITURE OF DISBURSEMENT**

62. Subject to paragraph 38, any disbursement of funds held in the SSA or FEAP Account, whether a return of Contributions, an EAP or otherwise, that is paid in the form of a cheque (or other similar negotiable instrument) and that remains uncashed for a period of three years from the date of issuance, will be forfeited by the payee and/or the Subscriber, as the case may be, and the funds attributable to that payment will be retained and transferred into the Income Account. Any such uncashed disbursement of funds held in the Grant Account will be repaid as required under the applicable Grant Legislation. On or before December 31<sup>st</sup> of the twenty-fifth year following the year in which this Agreement was entered into, at the direction of the Foundation, the amounts will be paid to, or to a trust in favour of, a Qualifying Institution.

#### **POWER TO MAKE RULES**

63. Subject to the Act, and paragraphs 43 to 50 herein, the Foundation shall have the power to make rules surrounding the administration of the calculation and payment of EAPs.

## **REGISTRATION**

64. Pursuant to the Act, the Foundation will apply for registration of this Agreement as an RESP.

## **AMENDMENTS**

65. The Foundation may, with the approval of the Trustee, but without the approval of the Subscriber or the Student, alter, amend, modify or add to the provisions contained in this Agreement and/or the Trust Agreement if such alteration, amendment, modification or addition is:
- (a) for the purpose of adapting the Plan governed by this Agreement to any change in the Act or the Grant Legislation or ensuring continuing compliance with the applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or over this Agreement, including for the purpose of maintaining the status of this Agreement as an RESP and/or the continued qualification for Government Grants; or
  - (b) necessary or desirable in the opinion of the Foundation and such alteration, amendment, modification or addition, in the opinion of the Trustee on the advice of counsel to the Foundation, is not prejudicial to the Subscriber or the Student.

Notice of any material amendment pursuant to this paragraph 65 shall be given in writing to the Subscriber and shall take effect on a date to be specified therein. The date shall be not less than thirty days after notice of the amendment is mailed to the Subscriber. Notice of any other amendment pursuant to this paragraph 65 shall be given in writing to the Subscriber, which notice may be provided at any time within fifteen months of the effective date of such amendment.

66. Where, in the opinion of the Trustee on the advice of counsel to the Foundation, such alteration, amendment, modification or addition would not be permitted under paragraph 66 hereof, this Agreement and/or the Trust Agreement may be so amended, modified, altered or added to only with the consent of the Subscribers as evidenced by a majority of the votes cast at a meeting of Subscribers duly called for that purpose in accordance with the provisions of the Trust Agreement.

## **OTHER MATTERS**

67. The Foundation hereby agrees to be bound by all the terms and conditions of this Agreement and the Trust Agreement. The Foundation shall have ultimate responsibility for administration of this Agreement.
68. The Trustee shall irrevocably hold all of the assets of the trust, less the fees referred to in paragraphs 58 through 61, inclusive, hereof, for:

- (a) a payment of EAPs, as permitted under the Act;
  - (b) a refund of Contributions pursuant to paragraph 13, 14 or 40 hereof;
  - (c) a payment to a trust governed by another RESP pursuant to paragraph 29 or 31 hereof;
  - (d) a refund of Government Grants and/or any income earned thereon pursuant to paragraph 57 hereof; and/or
  - (e) at the direction of the Foundation, a payment to, or to a trust in favour of, a Qualifying Institution.
69. Notwithstanding any other provision of this Agreement, the Foundation hereby agrees with the Subscriber that all income to be paid or credited to the SSA, Grant Account, FEAP Account or Income Account shall be held and used in accordance with the terms of the Trust Agreement, this Agreement and the provisions of the Act and the Grant Legislation.
70. The Trust Agreement provides that the Trustee will assume the responsibilities of the Foundation as administrator of this Agreement in the event the Foundation is declared bankrupt, wound up, dissolved or is found by a court of competent jurisdiction to be incapable of performing or to have failed to perform its responsibilities pursuant to the Trust Agreement and this Agreement, provided that the Trustee shall have no obligation to assume any financial liability of the Foundation.
71. The Student, or the Student's parent or the Public Primary Caregiver where the Student is under nineteen years of age and ordinarily resides with the parent or the Public Primary Caregiver, as the case may be, will be notified within ninety days of the designation of the Student under this Agreement and the name and address of the Subscriber.
72. This Agreement, as defined, contains and shall be deemed to contain the whole and entire agreement between the parties hereto and no representation, warranty, covenant or agreement made or purported to be made by or on behalf of any of the parties hereto shall be binding or enforceable against any of the parties hereto unless contained herein.
73. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same Agreement.
74. This Agreement shall enure to the benefit of and be binding upon the heirs and executors of the Subscriber.

75. In this Agreement, unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa.
76. The Trust Agreement shall be available for inspection by the Subscriber at any time during normal business hours at the offices of the Foundation at Suite 1000, 50 Burnhamthorpe Road West, Mississauga, Ontario, L5B 4A5 or at such other address as the Foundation may specify by notice to the Subscriber sent to the Subscriber's last known postal address.
77. Any notice or other communication required to be given pursuant to this Agreement shall be in writing and shall be sent by prepaid mail to Knowledge First Financial Inc. at the address shown in paragraph 76 hereof.
78. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**KNOWLEDGE FIRST FOUNDATION**

Per:   
\_\_\_\_\_  
PRESIDENT

  
Per: \_\_\_\_\_  
CHIEF COMPLIANCE OFFICER