FREQUENTLY ASKED QUESTIONS
REGISTERED INVESTMENT ACCOUNT

Assumption Life

WHAT IS A REGISTERED INVESTMENT ACCOUNT (RIA)?

The RIA is an investment product, in the form of an annuity contract, similar to a segregated fund contract, except that the premiums are deposited and kept in the Assumption Life's general account. The return on investment mirrors the return made by the reference funds or strategy selected by the client. This allows us to offer highly competitive management fees.

WHO'S IT FOR?

The RIA was designed for fee-conscious investors who are relying on their advisor to find a suitable solution to grow their assets over time. The RIA is also ideal for life agents looking for a compelling investment offering with simple sales process to build a recurring revenue stream.

WHO CAN SELL THIS PRODUCT?

The RIA can only be sold by licensed insurance advisors in Canada.

WHAT ARE THE ADVANTAGES?

Beyond the lower fees, the RIA has many advantages that impact both the client as well as the advisor. The offering includes a concentrated list of sophisticated investment solutions and combines them with a sales process that is both easy, comprehensive and compliant.

TYPE OF CONTRACT AVAILABLE?

Registered accounts offered:

- Tax-Free Savings Account (TFSA)
- Retirement Savings Plan (RSP)
- Spousal Retirement Savings Plan (spousal RSP)
- Retirement Income Fund (RIF)
- Spousal Retirement Income Fund (spousal RIF)
- Locked-in Retirement Account (LIRA)
- Life Income Fund (LIF)

HOW DOES IT COMPARE TO OTHER TYPICAL INVESTMENT OPTIONS?

The RIA product could be considered a hybrid solution borrowing from both Mutual and Segregated Funds. Like mutual funds, it has professional investment management, proper diversification as well as lower management fees. Like segregated funds, it forms an annuity contract, offers the investor some guarantees and sold by licensed insurance advisors.

HOW DOES IT COMPARE TO SEGREGATED FUNDS?

Both the RIA and segregated funds are insurance contracts owned by an annuitant. They both offer some guarantees to the investor as well as the possibility to designate a beneficiary, bypass probate and offer creditor protection. The main difference is that the RIA funds are held in the general funds of the insurer's balance sheet while segregated funds are, by definition, segregated from the insurer's balance sheet. Also, RIA accounts do not hold any units or notional units of the underlying fund. The account value is based on the reference fund performance however no units are owned by the annuitant. Lastly, segregated funds are available in all account types while the RIA is only available for registered accounts.

WHY ARE THE FEES LOWER THAN SEGREGATED FUNDS?

The RIA's lower management costs are associated to both lower insurance costs as well as special tax provisions applicable to the account structure. These savings are used to lower the management costs of the accounts.

ARE THERE ANY GUARANTEES?

Yes, RIA accounts offer a 75% maturity guarantee as well as a 75% death benefit guarantee.

CAN WE TRANSFER SEGREGATED FUND INTO AN RIA?

Yes, however a new account must be created to accept funds into an RIA. The RIA is a distinct account and separate from Assumption Life's segregated fund business, any and all early redemption charges and chargebacks applicable to the current segregated funds would a be applicable before transferring to the RIA account.

You can find the Transfer Authorization Request on our Advisor Corner under the document centre.

WHAT INVESTMENT OPTIONS ARE AVAILABLE?

Currently the RIA offers 24 different reference fund options to choose from. Investors can choose our effective multi-asset-class SmartSeries strategies and Portfolio solutions or choose individual reference funds from exceptional portfolio managers. The individual reference fund lineup includes Canadian Equity, U.S. Equity, International Equity, Global Equity, Preferred Shares and Fixed Income funds.

WHAT TYPES OF COMMISSION STRUCTURES ARE AVAILABLE?

Currently there are two (2) commission structures available for RIA accounts. Series E will pay a full trailing commission to the advisor from day 1 and offers the opportunity to negotiate front load commissions up to 3%. Series D offers a 4.16% sales commission to the advisor and a 0.36% trailing commission from month one. For more details, see our compensation guide available in our Advisor Corner.

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