



Frequently Asked Questions on Guaranteed Interest Annuity (GIA)



Serenia Life[™]
FINANCIAL

I. APPLICATION

Q1. Who can apply for Serenia Life's GIA?

Any tax resident in Canada within jurisdictions where Serenia Life Financial is registered and licensed (i.e., Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, and Saskatchewan) can apply. Different product/registration types have specific issue age requirements.

	Annuitant Issue Age	Owner Issue Age
Non-registered	0 – 110	18 – 110
TFSA	18 – 110	18 – 110
RRSP	18 – 70	18 – 70
RRIF	18 – 110	18 – 110

To learn more about our requirements for new sales and ongoing service with non-resident clients, refer to [Working with Non-Resident Clients](#) on **Advisor Springboard**. To learn more about residency status in Canada, refer to this [CRA link](#).

Q2. Can someone from Quebec or Yukon apply for a GIA?

We are licensed to sell GIAs in the same provinces that we are licensed to sell life insurance (i.e., Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, and Saskatchewan). Unfortunately, we cannot accept an application from someone residing in Quebec, Yukon, or any other province or territory in which Serenia Life is not licensed to sell and operate.

Q3. Can an annuitant and owner be different?

The annuitant and owner must be the same if the GIA is held in either a TFSA, RRSP, or RRIF. The annuitant and owner can be different for a non-registered GIA investment plan. Furthermore, if the annuitant is less than 18 years of age, the owner must be at least 18 years old.

Q4. Does a 16- or 17-year-old need to have a parent/guardian as the owner of their GIA?

A 16- or 17-year-old can only apply as an annuitant for a non-registered GIA. An adult (i.e., parent or guardian) will need to sign and become the owner of any non-registered GIAs. Once the child reaches the age of 18, they can apply to transfer ownership and become the owner of the non-registered GIA. They need to complete [Form SER145 – Individual](#) found on **Advisor Springboard**.

Q5. Can we accept joint owners for a Serenia Life GIA?

Currently, we don't have a joint GIA product, thus we are unable to accept joint owners for a Serenia Life GIA. Each individual has to apply for and own a GIA.

Q6. Can an entity (corporation, partnership, trust, or other) or a charitable organization own a GIA?

We only issue policies to individuals. An entity or a charitable organization cannot apply for a Serenia Life GIA. An entity or charitable organization can only become the owner after the policy is issued through a transfer/change of ownership.

The [Ownership Change Forms](#) can be found on **Advisor Springboard**. There is a form for transferring/changing the ownership to either an entity or to an individual. Once the form is complete, the individual/annuitant submits it to Serenia Life Head Office for processing.

Notes:

- An entity could be the payor of a non-registered investment policy in the Pre-Authorized Debit (PAD) form. The signature of the authorized signing officer(s) of the entity is required.
 - Transferring ownership of a policy or taking money out of a corporation may have tax consequences. It is advisable to talk to a tax expert to determine the exact impact this may have as each individual has their own unique circumstances.
 - GIA policies owned by charitable organizations but paid by individuals will not receive a tax receipt as a charitable donation.
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Q7. What's the minimum deposit amount for the Daily Interest Account (DIA)?

The minimum initial deposit amount is \$50 for a monthly pre-authorized debit (PAD). Otherwise, the minimum lump sum initial deposit is \$500.

Q8. What's the minimum deposit amount for the Guaranteed Interest Annuity (GIA)?

The minimum initial deposit amount per GIA term is \$500, one of the lowest minimums in the insurance industry.

Q9. If a client makes a monthly PAD of \$50 to DIA, and the account and/or investment value reaches \$500, will it be eligible to invest in a GIA?

Yes, if the account value reaches \$500, the client can choose the "auto-sweep" option in the application form. The "auto-sweep" is an option where the DIA account value, upon reaching \$500, is automatically transferred to a GIA. The client selects a GIA term, between 9 months to 60 months, with increments of 3 months. If the client does not wish to automatically transfer it to a GIA, the account value will remain in a DIA.

Q10. Can a client apply for a combination of DIA and varying terms of a GIA?

Yes, a client can select different investment options in one application, creating a single investment policy.

Q11. Can a client apply for multiple GIAs with different registration types?

Yes, a client can have several GIAs with different registration types, BUT they must apply with separate applications for each type. Each application is for a single product/registration type and creates a single investment policy, regardless of selected investment options (DIA and/or GIAs of varying terms).

Example:

- Non-Registered – GIA is one investment policy
- RRSP – GIA is another investment policy
- TFSA – GIA is another investment policy
- RRIF – GIA is another investment policy

Q12. What happens to an application in the event there is missing information?

In the event there is missing information and/or no signature, the application is classified as NIGO (not in good order). The Serenia Life New Business team will follow up with the advisor to obtain the missing information and/or signature.

Q13. What are the guidelines on expected turnaround times on our GIA application?

The following are some guidelines around expectations for turnaround times. These are not published SLAs, but rather timelines for a better understanding of administrative processing steps:

Activity	Rough Turnaround Time Guideline for Routine IGO (eApp)	Rough Turnaround Time Guideline for Routine IGO (paper app)
Policy Issue – estimated number of business days to issue a clean policy In Good Order (IGO)	Roughly 3-5 business days for routine IGO This will take longer for external transfers, as the policy cannot be issued until funds are received.	Roughly 6-10 business days for routine IGO This will take longer for external transfers, as the policy cannot be issued until funds are received.
Withdrawal of money from investment policy (ad-hoc)	Roughly 5-7 business days for routine IGO	Roughly 8-12 business days for routine IGO
Transfers from an existing SER policy (transfer from one SER policy to another SER policy)	Roughly 3 business days for routine IGO	Roughly 6-8 business days for routine IGO
Transfers from an existing SER GIA policy	Roughly 3-4 business days for routine IGO	Roughly 6-9 business days for routine IGO
Transfers from an external account (transfer from another financial institution to us)	This is out of our control as it depends on the external organization.	This is out of our control as it depends on the external organization.

*IGO includes the deposit/money received by Serenia Life

II. LADDERING STRATEGY, BONUS RATE, AND INTEREST RATE GUARANTEES

Q14. How does a laddered GIA work?

The GIA laddering strategy is an investment strategy that allows you to take advantage of higher interest rates being offered for longer term GIAs without locking all of your money into a single term. Rather than investing in a single term, the client allocates funds into different terms at the corresponding interest rates. This allows clients to:

- Stagger the maturity dates to ensure funds are available to reinvest or cash out at various times in the future (to avoid “timing” the market)
- Customize the amount for each GIA term based on the client’s investment needs and objectives
- Maximize the GIA returns as each term matures; the funds can be used to buy a new GIA and add to the ladder, or the funds can be accessed if needed
- Reduce the impact of interest rate changes on the investment

Example: A client allocates \$250,000 using ladder strategy

Initial Investment	Today	Month 18	Year 2	Year 3	Month 42	Year 5
\$50,000	Purchase 18-month GIA	Purchase NEW 5-year GIA				
\$50,000	Purchase 2-year GIA	--	Purchase NEW 5-year GIA			
\$50,000	Purchase 3-year GIA	--	--	Purchase NEW 5-year GIA		
\$50,000	Purchase 42-month GIA	--	--	--	Purchase NEW 5-year GIA	
\$50,000	Purchase 5-year GIA	--	--	--	--	Purchase NEW 5-year GIA

Q15. In the example above, where the client invests \$250,000 into a laddered GIA at \$50,000 per term, will the client receive a 0.25% bonus as each layer per term is at \$50,000, or 0.50% bonus for the full amount invested?

When determining the bonus rate, it is based on the “total investment/deposit amount” of the investment policy, and not the deposit amount of a specific GIA. In the above example, the client will receive 0.50% bonus (or 50 basis points) for the entire investment amount of \$250,000.

Q16. If a client makes additional deposits and the total investment/fund value reaches the threshold of either \$50,000 or \$100,000, how is the bonus rate applied?

The bonus rate applies only to the new funds or additional deposits when the total investment value reaches the various thresholds. The interest for a specific investment/deposit amount is fixed at the time of deposit and is based on the total investment value at that time. Example:

- On February 11, the client has a total investment value of \$47,061.
- A few days after, the client makes a new deposit of \$10,000 into an 18-month term.
- The interest rate for an 18-month term, including the promotional rate of 0.50%, is 4.65%.
- With the additional deposit, the total investment value is now over \$50,000.
- So, an extra 0.25% bonus is added to the new \$10,000 deposit, for a total credited rate of 4.90%.

Q17. Why does the bonus rate apply only to the additional deposits when the basis of crediting the bonus rate is on the total investment value?

The additional deposits to the existing investment policy are treated as another layer of deposit, and thus would have the interest rate for a selected term at the time of deposit. This additional deposit cannot be added to the existing layer of the original investment amount as the original investment was based on both the interest rate and term that were set at the beginning. Upon renewal, the total investment value will be used in the calculation of the bonus rate. A bonus rate will be credited as long as the total investment value reaches the threshold.

Q18. How does a client make additional deposits to an existing investment policy?

A client will complete **Form SER343** (Contribution/Transfer/Reinvestment Request Form for Savings Annuity or RRIF) found under [Investment Product Forms](#) on **Advisor Springboard**. Complete Section A and make sure not to miss the policy number, signature, and date.

Q19. Will the client get a bonus rate enhancement if they have several GIAs on different policies?

The bonus rate is applied at the policy level, not at the client level. The investment value of different policies owned by the client cannot be aggregated or combined to take advantage of the bonus rate enhancement. Example:

- A client has two policies – one has a \$25,000 deposit and the other has a \$35,000 deposit. The investment value of each cannot be combined to get a bonus rate of 0.25%.
- A client can make additional deposits to a policy where the total investment value could reach at least \$50,000 to get a bonus rate.

Q20. Can we provide the bonus rate for clients who combine household assets in GIA accounts/investment policies?

Our bonus rate is based on the dollar amounts of an individual investment policy. As mentioned above (Q19), investment policies cannot be combined to get the bonus rate. Thus, household GIA accounts cannot be combined for a bonus rate enhancement.

Q21. What date is used to determine the interest rate applied to the investment policy?

The interest rate is determined by the effective date of the policy, as follows:

- When payment is made by the annuitant or from an external transfer, the effective date is the later of:
 - the date the money is received, **and**
 - the date the application signature pages were signed.
- For internal transfers, the effective date is the later of:
 - the date the funds matured in the prior policy*, **and**
 - the date the application was signed.
- For death transfer, the date of death.

*If the owner transfers the funds before the maturity of the policy, MVA will apply.

Examples:

- If the cheque is dated March 2nd, but a branch deposit isn't made until March 7th, the effective date will be March 7th.
 - If the application is submitted March 2nd, but the payment is received on March 7th, and the application is signed (in person or eSign) on March 10th, the effective policy date will be March 10th.
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Q22. Can a client request an interest rate guarantee?

Yes, a client can select or request a rate guarantee.

There are two forms that are used when requesting a rate guarantee:

- **SER343 (Contribution/Transfer/Reinvestment Request Form for Savings Annuity or RRIF)** – This form is used for general investing into GIAs. In the Reinvestment section, there is an option to select a Rate Guarantee for upcoming GIA renewals.
- **SER162 (Interest Rate Guarantee for a Transfer-In of External Funds)** – This entire form is used specifically to guarantee the rate on External Transfer-Ins.

Both of these forms can be found under [Investment Product Forms](#) on Advisor Springboard.

Q23. What is an interest rate guarantee and how will it benefit my client?

When an interest rate guarantee is selected, the client is locking in a set interest rate at that point in time for their external transfer in. The guaranteed interest rate will not change regardless of subsequent interest rate changes in the market. A rate guarantee provides the client with peace of mind in knowing what rate will be applied to their investment when it is received by Serenia Life. It does not guarantee the best rate. For example, in an environment where interest rates are rising, a rate guarantee could mean locking the client into a rate that is lower than the available posted interest rate.

Q24. How does a rate guarantee work?

The following chart summarizes when a rate guarantee is permitted, and what interest rate would be applied. It shows different situations with and without a rate guarantee.

Money coming from:	Rate Guarantee Allowed?	Interest Rate without Rate Guarantee	Interest Rate with Rate Guarantee	Additional Information
Internal Transfers (e.g., from DIA or another SER policy)	No	Interest Rate in effect on the date we receive the Form SER343 . It is the date the form is received, not the date on the form (e.g., the date on the fax, the date on the email, or the received date stamped on paper mail).	N/A	
Upcoming renewal on existing GIA	Yes, via Form SER343 for up to 14 days prior to the renewal date of the existing GIA. This means the request can only be submitted up to 14 days prior to the renewal date.	Interest rate in effect on the date that the existing GIA renews.	Interest rate in effect on the date we received Form SER343 .	If a form is submitted with a rate guarantee, and if the rates subsequently go up within 14 days, the client will receive the rate that is in effect on the date we receive the form. If the GIA has already been renewed, the rate guarantee cannot be revoked.
External Transfers (e.g., from another financial organization/institution)	Yes, via Form SER162 for 45 days from the date the form is received. This guarantee will be in effect for 45 days from this date.	Interest rate in effect on the date that the money is received.	Interest rate in effect on the date we receive Form SER162 .	Rate guarantee cannot be revoked, even if interest rates subsequently go up within the 45 days. The rate to be applied will be the rate that is in effect on the date we receive the form.

Q25. What are the requirements for external transfers (e.g., from another financial organization/institution)?

Client must complete and sign **Form SER012** (Transfer Authorization for Registered and Non-Registered Investments). The advisor will fax a copy of this required form to the Serenia Life admin office or can submit via eSign. The original must be sent to the relinquishing institution.

- **Form SER012** may provide one-time investment instructions
- Investment instructions may be included on **Form SER012**, on the eApplication, on **Form SER343**, or on the paper application
- SIN number, address, and investment instructions must match the information on the eApplication or paper application
- Only the following external transfer types are accepted:
 - External Non-Registered to Serenia Life Non-Registered
 - External Registered (RRSP or RRIF) to Serenia Life Registered
 - External Spousal Registered (RRSP or RRIF) to Serenia Life Spousal Registered
 - External TFSA to Serenia Life TFSA
- If a rate guarantee is requested, **Form SER162** is required.
- The advisor then must send the form to the relinquishing financial institution.
- Cheques must be payable to Serenia Life Financial/Serenia Life. We will still accept cheques made payable to FaithLife Financial.
- The following forms of transfers are not acceptable:
 - Transfers from a personal bank account
 - Joint cheques
 - In-Trust cheques

Q26. Once the selected GIA term is up, will it automatically renew to the same GIA, or will it automatically move to a DIA?

It will automatically renew to the GIA with the same length term at the interest rate in effect at the time of renewal – unless the client tells us to move it to a DIA, another GIA, or another investment product Serenia Life offers at the time of renewal.

Serenia Life sends a notice on the first of the month for GIA investment policies renewing in the following month. The notice shows the maturity value of the investment(s). It also shows the current re-investment instructions for each maturing GIA investment term. The client also has the option to call their advisor or the Member Services Department if they want to discuss other investment options. Changes must be made no later than 5 business days prior to the maturity date. The client cannot select a GIA term if it will end after the policy maturity date.

[Learn more](#) about Serenia Life GIAs or [view rates](#).

"Serenia Life Financial" is an alternate business name used by FaithLife Financial.
All benefits are provided, and all policies are underwritten, by FaithLife Financial.

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