

# iA Financial Announces 2025 SRDA Guaranteed Interest Rate

## WESTWARD'S VIEWPOINT

iA Financial (iA) recently announced that the Smoothed Return Diversified Account (SRDA) interest rate guaranteed for calendar 2025 is **4.10%**, up from 3.80% in 2024 (*announcement attached*)

The 4.1% SRDA rate in 2025 is a guaranteed tax deferred interest rate that becomes entirely tax free when paid out as a tax-free death benefit.

The management fee reduction of 0.25% is extended for another year, resulting in a management fee of 1.00% for 2025.

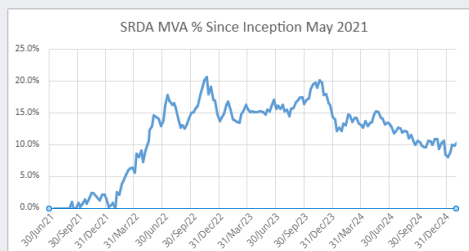
iA has not published the historical returns of the SRDA Fund.

## MARKET VALUE ADJUSTMENT

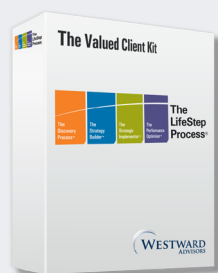
The market value adjustment (MVA) % applicable to the SRDA represents the % by which the market value of the underlying SRDA Fund is short of the total SRDA policy account values on that date.

The MVA % at any given time is charged against a withdrawal from the SRDA but does not apply to a death benefit or to withdrawals used to pay insurance charges.

The MVA % started the year at 12.181%, peaked at 15.227% on April 19, 2024, and was 9.845% on the last announcement date of December 27, 2024.



For more information, clients can contact their Account Manager or Wayne Stone at [waynes@westwardadvisors.com](mailto:waynes@westwardadvisors.com).



*The opinions expressed in this memorandum are strictly those of Westward Advisors Ltd. This memorandum is for information purposes only and is not legal or tax advice.*

## iA FINANCIAL SRDA ACCOUNT AND FUND<sup>1</sup>

The SRDA is an investment account option in certain iA universal life insurance policies. Policy funds invested in the SRDA are managed on a discretionary basis by iA in an underlying portfolio (the "SRDA Fund").

The SRDA Fund was established in May 2021. The investment objective is to optimize the asset allocation to provide attractive long-term return potential while minimizing risks through an actively managed approach to investment diversification.

The SRDA interest rate is declared by iA prior to each calendar year and guaranteed for the calendar year. The rate cannot be less than 0% and iA says the rate should never vary more than 0.5% from one year to the next.

The annual SRDA interest rate is set based on the actual returns of the SRDA Fund to which iA applies a smoothing formula. This formula amortizes major fluctuations in returns (positive and negative).

## HISTORICAL PERFORMANCE

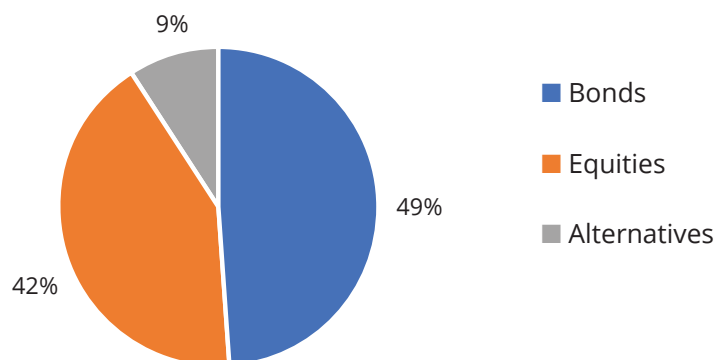
The historical performance of the SRDA published to date is as follows:

YEAR	SRDA FUND RETURNS			POLICY RATE
	Gross	Fee	Net	
2021 (7 months)	5.22%	1.00%	4.22%	3.50%
2022	(13.80%)	1.00%	(14.80%)	3.50%
2023	11.20%	1.00%	10.20%	3.40%
2024	9.50%	1.00%	8.50%	3.80%
2025				4.10%

The SRDA Fund's long-term return assumption before fees is 5.25% - 6.25% and the SRDA mid-term policy rate target is 4.25% - 5.25%.

## ASSET ALLOCATION

As of December 31, 2024, the SRDA Fund's market value was \$608 million with an asset allocation as follows:



<sup>1</sup> The SRDA Fund description is extracted from iA's May 2021 publication F95-75A(21-05), Smoothed Return Diversified Account (SRDA).






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### Genesis-IRIS | Rate increases for SRIA and SRDA in 2025

November 20, 2024

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From January 1, 2025, the credited rates of the following two Genesis-IRIS accounts will be increased.

#### Stabilised Return Index Account (SRIA)

- ✔ Increased to **3.15%** in 2025 (0.25% increase)
- ✔ As a result, the CLF (collateral loan facility) rate will rise to 4.65% in 2025 (an increase of 0.25%).

#### Smoothed Return Diversified Account (SRDA\*)

- ✔ Increased to **4.10%** in 2025 (0.30% increase)
- ✔ The reduction in the management expense ratio (MER) will be extended to 2025, for a net MER of 1% for the Genesis-IRIS SRDA.

The credited rates of these accounts are based on the organization's long-term return expectations as well as the returns of the underlying assets, to which a smoothing formula is applied. This formula spreads out the main fluctuations in returns (both positive and negative) and provides a low-volatility credited rate from year to year.

The main factor accounting for the net increase in the credited rate for 2025 is the good performance of our funds and the favorable economic environment.

*\*This version of the SRDA is for Genesis-IRIS, which is no longer available for sale.*

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