



**Member Booklet for The DPSP for Employees of Michaels of
Canada, ULC**

Policy Number: 30001861



Full-Time Employees hired prior to May 1, 2008

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Introduction

The DPSP for Employees of Michaels of Canada, ULC (the "Plan"), sponsored by Michaels of Canada, ULC o/a Michaels Stores, Inc. ("Plan Sponsor") has been established with Manulife. The purpose of the Plan is to assist you in saving towards retirement.

The Plan was established August 20, 2008. Manulife began administering the Plan on August 20, 2008.

How the Plan works:

- The Plan is a deferred profit sharing plan (DPSP)
- Your Plan Sponsor contributes to the Plan on a regular basis
- A Member account is set up in your name under the Plan. All contributions made to the plan are kept in your Member account
- All contributions and any investment earnings grow tax-deferred.
- You choose how the contributions are invested from the choices available under the Plan
- The amount available for your retirement depends on the total contributions made and the investment returns they earn
- You will receive regular statements and access to information and tools to help you manage your account
- This booklet provides information about what happens when you terminate your employment, die or retire

This booklet is a summary of the Plan. If after reading this summary you have questions, more information is available through the sources listed on the next page, or you may ask your Plan Sponsor to view the provisions of the Plan in full (plan text). If any inconsistencies exist between this booklet and the plan text, the information in the plan text will prevail. Your Plan Sponsor reserves the right to amend or terminate the Plan. Any amendments to the Plan cannot reduce the benefits you have earned.

The assets within your Member account are held under a group annuity insurance contract between Manulife and your Plan Sponsor. Any action or proceeding that may arise against Manulife by you for the recovery of any, or all of your assets within your Member account payable to you, is absolutely barred unless it is commenced within the time period set out in the *Insurance Act* of your jurisdiction, or other applicable laws. In accordance with the *Insurance Act* Manulife must upon your request provide you with a copy of your enrolment form, and in a reasonable time frame, provide access to, or a copy of, the group annuity insurance contract issued by Manulife to your Plan Sponsor if requested by you.

Your personal information:

Your Plan Sponsor and Manulife require personal information to administer your Member account. The Plan Advisor as designated by your Plan Sponsor will have access to your personal information to assist you in managing your Member Account. By enrolling in the Plan, you will have authorized access to this information.

Details are available on the back of your enrolment form and in the Manulife privacy policy.

What tools and resources are available to help me manage my Member account?

You will have access to the following tools and resources to help you manage your Member account:

- The secure Member Internet site @ www.manulife.ca/GRO ,
- The Interactive Voice Response (IVR) at 1-888-727-7766, operational 24 hours a day, seven days a week,
- Client Service Representatives are also available at the same number to answer your questions from 8AM to 8PM ET, Monday to Friday or by email at gromail@manulife.com,
- Member investment and retirement newsletters, and
- Member statements.

Through the secure Member Internet site you will be provided with an electronic Member statement on a semi-annual basis. In addition, you will be provided with a summary Member statement mailed to the address on file at Manulife. You may elect to have all of your Member statements provided electronically by making such an election on the secure Member Internet site. Reviewing your Member statement will help you track your savings.

All of your Member account information is always available on the secure Member Internet site at no additional cost to you.

You may request an interim paper Member statement at any time through the Interactive Voice Response (IVR) or Client Service Representative at any time. A fee will apply, please refer to the ***“What fees may apply to me?”*** section of this booklet.

Contact Information

For assistance or additional information, please contact your Plan Administrator at:
Michaels Stores, Inc.
8000 Bent Branch Drive
Irving TX 75063
Phone number: (972) 409-5771

When can I join?

Eligibility Requirements

You are eligible to join the Plan following the completion of 3 month(s) of continuous employment with your Plan Sponsor.

Enrolment

To become a Member of the Plan, you must complete and sign an enrolment form.

Once Manulife receives the completed and signed enrolment form, contributions can begin to the Plan.

What are my responsibilities under the Plan?

When you enrol in the Plan, you are responsible for:

- Understanding how the Plan works
- Taking advantage of the information and tools available to help you make investment decisions
- Making your investment decisions and reviewing your choices
- Deciding whether or not to get investment advice from a professional
- Keeping Manulife and your Plan Sponsor up to date on your address and personal information changes
- Ensuring your beneficiary is aware of the Plan and knows where your estate related documents are kept

How can I get help selecting investment options?

You can choose from a number of professionally managed investment options selected by your Plan Sponsor to be available under the Plan.

Details about the investment options available under the Plan are included in your enrolment kit and are available on the secure Member Internet site. On this site you can take advantage of tools like the Investor Strategy Worksheet and STEPs.

If you do not select an investment option, all contributions will be deposited into the Plan default fund as selected by your Plan Sponsor and identified on the secure Member Internet site, until you make a decision.

You can change your investment options or complete an inter-fund transfer at any time by accessing the tools as outlined in the **“What tools are available to me to help me manage my Member account?”** section of this booklet. A fee may apply to you to complete an inter-fund transfer, refer to the **“What fees may apply to me?”** section of this booklet.

How much will be contributed to my Member account?

You may not make any contributions to the Plan.

Plan Sponsor Contributions

Each year, out of profits, your Plan Sponsor is required to contribute to the Plan on your behalf, a 50% match of your Member voluntary contributions that you make to your Plan Sponsor's group RRSP, to a maximum of 3% of your earnings.

Earnings

Your earnings include base salary, overtime pay, bonuses, and commissions.

Contribution Limits and Tax

Any contributions made to your Member account or any other registered plan may not exceed the overall tax assisted retirement savings maximum allowed under the Income Tax Act (Canada). In general, this amount will be a maximum of 18% of your employment income for the year, subject to a maximum dollar limit.

Contributions made to the Plan in the current year will reduce your registered retirement savings plan (RRSP) contribution room in the next year. Canada Revenue Agency (CRA) will inform you of your available RRSP contribution room each year on your Notice of Assessment.

Your Plan Sponsor will report a Pension Adjustment to you each year on your T4 tax slip reflecting the contributions made to the Plan.

Can I make withdrawals from my Member account while I am employed?

Plan Sponsor contributions made to the Plan on your behalf must remain in the Plan while you are employed with your Plan Sponsor.

What happens if I terminate employment prior to my normal retirement date?

You will receive a detailed option statement outlining the current value of your Member account you are entitled to and the options that may be available to you.

Your entitlement to the value of your Member account will depend on whether or not the contributions in your Member account are vested (meaning that you are the “owner”).

Vesting

Your Plan Sponsor contributions made to the Plan on your behalf will be immediately vested.

What can I do with the vested value of my Member account?

You will have the following options for all or a portion of the vested value of your Member account:

1. Transfer to the Manulife Personal Plan RRSP (registered retirement savings plan),
2. Transfer to another registered plan at a financial institution of your choice, or
3. Receive a lump sum cash payment.

Any amounts taken in cash are subject to immediate tax withholding. The amount of tax withheld will depend on the amount being withdrawn. Since cash withdrawal amounts will be included in your taxable income, you may end up paying additional tax. Keep in mind any cash withdrawals will reduce your potential retirement savings.

If you do not elect an option within 90 days of your termination of employment, and you have a group registered retirement savings plan ("RRSP") account set up with Manulife, the vested portion of your Member account will be transferred to the Manulife Personal Plan (RRSP), otherwise it will be paid to you as a lump sum cash payment less withholding tax.

What happens when I retire?

You will receive a detailed option statement outlining the current value of your Member account and the options that may be available to you.

When can I receive retirement income?

Your normal retirement date is age 65.

You may choose to start your retirement income at any time prior to the end of the calendar year in which you reach age 71 (or such other age as required by the Income Tax Act (Canada)) for any amounts in your Member account. Your employment with your Plan Sponsor must cease prior to electing early retirement.

You can postpone your retirement until December 31st of the year in which you reach age 71 (or such other age as required by the Income Tax Act (Canada)).

What are my retirement income choices?

You will have the following options:

1. Annuity Income Option

An annuity is a contract to receive a series of payments bought with all or part of the assets under the Plan. Monthly payments are the most commonly selected option. However, payments may also be made quarterly, semi-annually or annually. The annuity income options are:

a) Life Annuity

A life annuity is an equal periodic amount paid to you for your entire lifetime. You may select a guaranteed period. If you die before the guaranteed period expires, the value of the remaining guaranteed payments would be paid in a lump sum to your beneficiary. If your spouse is the beneficiary, he or she may elect to continue receiving the annuity payments for the balance of the guaranteed period.

b) Joint Life Annuity

A joint and survivor life annuity is an equal periodic amount paid to you for the lifetime of you and your spouse. There are a number of choices you can make to add a guaranteed period. You may have all or a portion of the income continue if one of you dies. The payments continuing cannot be less than the amount defined by provincial legislation.

c) Term Certain Annuity

A term certain annuity is an equal amount paid to you monthly for a fixed period. If you die before the end of the fixed period, the balance of the payments will be paid in a lump sum to your beneficiary. If your spouse is your beneficiary, he or she may elect to continue receiving the payments for the balance of the guarantee period.

2. Transfer Option

You may choose to transfer the value of your funds to the Manulife Personal Plan RRSP, or another registered plan.

3. Registered Retirement Income Option (RRIF)

You may choose to purchase a Manulife Group RRIF or transfer to another RRIF with another financial carrier. These products offer you a series of payments for a specified period of time, subject to legislated minimum amounts. Within the minimum payable, you're able to adjust how much income you receive, how often you receive it and how it's invested.

4. Cash Payment

You may withdraw all or part of the value of your Member account as a cash amount. Tax will be withheld before the amount is paid to you.

When you're nearing retirement, contact Manulife and we'll provide you with detailed descriptions of these options.

If you do not elect an option within 90 days of your termination of employment due to retirement, and you have not reached your maximum retirement age required by the Income Tax Act (Canada), and you have a group registered retirement savings plan ("RRSP") account set up with Manulife, the vested portion of your Member account will be transferred to the Manulife Personal Plan (RRSP), otherwise it will be paid to you as a lump sum cash payment less withholding tax.

What happens if I die before I terminate employment or retire?

If you die before you terminate employment or retire, Manulife will pay a death benefit to your designated beneficiary. More information regarding the amounts and options available to your beneficiary will be provided upon request.

If your spouse or common-law partner is your designated beneficiary, your spouse or common-law partner can choose one of the following options:

1. Transfer to another registered plan at a financial institution of their choice, or
2. Receive a lump sum cash payment less withholding tax.

If your beneficiary is your spouse or common-law partner and does not elect an option within 90 days following your death, the vested portion of your Member account will be paid out to your beneficiary as a lump sum cash payment less withholding tax.

Any benefit paid to a beneficiary other than your spouse or common-law partner, or to your estate must be paid as a lump sum cash payment less withholding tax.

Who is your beneficiary?

You may name a beneficiary to receive any death benefit payable from the Plan. Your beneficiary may be changed at any time, subject to any legal restrictions. If you do not name a beneficiary, any death benefit will be payable to your estate.

What fees may apply to me?

Fees that may apply to you:

- **Replacement Tax Forms/Receipts** – A charge of \$10 per request will apply to paper receipts. This fee will be deducted from your Member account. You may request a replacement tax form/receipt free of charge on the secure Member Internet site.
- **Inter-Fund Transfer Fee** (*where the Plan allows – see the “How can I get help selecting investment options?” section of this booklet*) – There is no fee for your first four (4) requests in any calendar year if your request is made in writing. A fifth (5th) written request will incur a \$25 fee and will be deducted from your Member account. An additional fee will apply for each successive request in a calendar year. Inter-fund transfer requests made through the secure Member Internet site or the Interactive Voice Response (IVR) are free.
- **Interim Financial Statement Fee** – A charge of \$5 per requested interim financial statement will apply for each request and will be deducted from your Member account.
- **In Service Withdrawal Fee** (*where the Plan allows – see the “Can I make withdrawals from my Member account while I am employed” section of this booklet*) – Each calendar year your first in service withdrawal is free. Any subsequent in service withdrawals will incur a charge of \$25 per request. This fee will be deducted from your withdrawal or transfer amount. In service withdrawal includes cash withdrawal or transfer to another carrier.
- **Investment Management Fees (IMFs)** - You pay the IMFs that apply to your Market Based Funds. You may contact your Plan Sponsor or access the secure Member Internet site to request this information.
- **Frequent Trading Policy Fee** – Subject to materiality, a 2% fee may be charged to your Member account if you initiate an inter-fund transfer into a Market Based Fund(s) followed by another inter-fund transfer out of that same Market Based Fund(s) within a 15 calendar day period. This fee will apply to your applicable trade value and will be credited back to the affected Market Based Fund(s). This fee only applies to Market Based Funds and does not apply to any of your Guaranteed Fund maturity transactions to Market Based Fund(s) or any automated asset re-balancing transactions under your Member account. This fee will in no way benefit Manulife.

Questions? and Answers

Under the Income Tax Act (Canada), who qualifies as a spouse or common-law partner?

A spouse means a person of the opposite or same sex who is married. A common-law partner means a person who lives and has a relationship with a person of the opposite or same sex to whom any of the following applies. He or she:

- is the natural or adoptive parent (legal or in fact) of that person's child,
- has been living with that person for at least 12 continuous months, or
- lived with that person previously for at least 12 continuous months and is living with the person again.

The above includes any period that they were separated for less than ninety (90) days because of a breakdown in their relationship;

What happens to my benefits if my marriage ends?

The value of your Member account accumulated during the period of your marriage may be split between you and your spouse or common-law partner as part of the division of assets. You should consult a lawyer about the laws governing this situation and the options available to you and your former spouse.

What happens if I'm taking a leave from work?

Talk to your Plan Sponsor. Different rules may apply to different types of leaves.