THE EMPIRE LIFE INSURANCE COMPANY

EMPIRE LIFE

CLASS PLUS 2.1

INFORMATION FOLDER AND CONTRACT PROVISIONS

This document contains the information folder and the contract provisons for Class Plus 2.1. The information folder is for information purposes only and is not an insurance contract.

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Empire Life®

KEY FACTS FOR THE CLASS PLUS 2.1 CONTRACT

This summary provides a brief description of the basic things you should know before you apply for this individual variable insurance contract. This summary is not your contract. A description of all the features and how they work is contained in this information folder and the contract provisions. In this summary, we refer you to different sections for more details. These section numbers refer to the information folder. You should review these documents and discuss any questions you have with your advisor.

What am I purchasing?

You are purchasing a Class Plus 2.1 contract. This is an individual variable insurance contract issued by The Empire Life Insurance Company (**"Empire Life"**).

You can:

- choose to make your deposits on a regular scheduled basis or as a lump sum;
- choose among different segregated funds;
- choose a registered, non-registered or Tax-Free Savings Account contract;
- name a person to receive the death benefit; and
- choose to receive income payments now or later.

Your choices may affect your taxes. Ask your advisor to help you make your decisions.

The value of your contract can go up or down subject to the guarantees.

What guarantees are available?

Your contract has maturity and death benefit guarantees and a guaranteed withdrawal benefit (**"GWB"**).

Any withdrawals you make will reduce the benefit guarantees.

For details about the maturity and death benefit guarantees, see Sections 7.4 and 7.9.

For details about the GWB, see Section 5.

Maturity Benefit Guarantee

You will receive the maturity benefit on the maturity date. For details about the maturity date, see Section 7.2. On this date, you will receive the greater of:

- the market value of the fund class units at the credit of your contract; and
- 75% of all the deposits made reduced for any withdrawals.

For details about how the maturity benefit guarantee works, see Section 7.4.

Death Benefit Guarantee

If you die before the maturity date, the death benefit is paid to the person you name as the beneficiary. The death benefit is the greater of:

- the market value of the fund class units at the credit of your contract; and
- 75% of all the deposits made reduced for any withdrawals.

For details about how the death benefit guarantee works, see Section 7.9.

The death benefit guarantee may increase until the annuitant's 80th birthday with automatic triennial resets. For details about resets, see Section 7.10.

GWB

The GWB guarantees income payments. The income payments will last for as long as you and, if applicable, your spouse or common-law partner live if you don't make excess withdrawals. There is a fee payable. For details about the Class Plus fee, see Section 8.3.

How much you invest and how old you or, if applicable, your spouse or common-law partner are will determine the GWB payments. The amount may increase through bonuses and resets. Excess withdrawals will decrease the amount of the GWB payments.

Resets

If the value of your investments has increased, the death benefit and GWB guarantees may be reset. For details on resets, see Sections 6.5, 6.6, and 7.10.

What investments are available?

You can invest in various segregated funds. The segregated funds are described in the fund facts and in Section 12 of the information folder.

While there are certain benefit guarantees, Empire Life does not guarantee the performance of segregated funds. Carefully consider your tolerance for risk when you choose your investment(s).

How much will this cost?

The purchase fee option you choose will affect your costs. For details on purchase fee options, see Section 8.2.

Management fees and expenses are deducted from the segregated funds. These fees and expenses are called the management expense ratio (**"MER"**). The MER is shown on the fund facts for each fund and fund class. The MER is deducted before the unit value is calculated. For details on the fees and expenses paid by the funds, see Section 11.7.

There is an additional fee for the GWB. For details on the Class Plus fee, see Section 8.3.

There may be a fee charged for withdrawals depending on the purchase fee option you choose. There may also be a fee charged for excessive trading. For details on the fees, see Section 8.

What can I do after I purchase this contract?

If you want, you can do any of the following:

Transfer

You may switch from one fund to another. For details on switches, see Section 4.

Withdraw

You can withdraw money from your contract. This will affect your benefit guarantees. You may also have to pay a fee and/or taxes. For details on withdrawals, see Section 5.

Deposit

You can make deposits on a regular scheduled basis or as a lump sum. For details on deposits, see Section 3.

Maturity Options

There are different options available to you at the maturity date of your contract. If you do not choose a maturity option we will start making payments to you. For details about the maturity options, see Section 7.5.

Certain restrictions and other conditions may apply. Review the information folder and contract provisions for your rights and obligations. Discuss any questions you have with your advisor.

What information will I receive about my contract?

We will, at least once a year, send you a statement that will show the value of your investments and all of the transactions you have made during that year.

More detailed information about the funds available, including the audited financial statements, is available at your request and on our website at www.empire.ca.

Can I change my mind?

Yes you can. This is called a rescission right. Subject to set limits, you can:

- cancel your contract; or
- cancel a payment you have made.

To do either of these, you must tell us in writing within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after the notice is mailed by us.

The amount returned is the lesser of the deposit you made or the value of your investment if it has gone down in value. If you chose a front-end load purchase fee option, the amount returned will include the fee.

If you change your mind about a specific deposit, the right to cancel only applies to that deposit.

For details about the rescission rights, see Section 3.2.

Where can I get more information?

You may call us at 1 800 561-1268 or send us an email to investment@empire.ca. Information about the company and the products and services we provide is on our website at www.empire.ca.

For information about handling issues you are unable to resolve with the company, contact the OmbudService for Life and Health Insurance at 1 800 268-8099 or on the internet at www.olhi.ca.

Empire Life is a member of Assuris. Assuris is the not for profit organization that protects Canadian policyholders in the event their life insurance company fails. Details about Assuris' protection are available at www.assuris.ca or by calling the Assuris Information Centre at 1 866 878-1225.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators at www.ccir-ccrra.org.

Any part of the deposit or other amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

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INTRODUCTION

The Empire Life Insurance Company (**"Empire Life"**) is federally incorporated in Canada. It is a stock company that was incorporated under Letters Patent granted by the Province of Ontario in 1923, to transact the business of life insurance, including the business of annuities, and continued as a federal corporation by Letters Patent in 1987. The Insurance Companies Act (Canada) governs its operations. Our Corporate Head Office is located at 259 King Street East, Kingston, Ontario, K7L 3A8.

The information folder for an individual variable insurance contract provides a description of the key features of the contract being considered. Our individual variable insurance contracts are offered primarily through licensed life insurance agents or financial planners, investment fund dealers or stockbrokers who are contracted with Empire Life and are also licensed to sell life insurance products.

This document contains the information folder (excluding the fund facts) and the contract provisions for the Class Plus 2.1 contract. Delivery of the contract provisions does not constitute our acceptance of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice is sent once we have received all of the required documents and the initial deposit.

The Class Plus 2.1 contract is a deferred annuity contract that contains maturity options including the option to receive an immediate annuity. The Class Plus 2.1 contract provides guarantees payable at the maturity date or on the death of the last annuitant. The Class Plus 2.1 contract provides guaranteed income payments over the lifetime of the annuitant or, if applicable, the joint life when certain criteria are met.

Each segregated fund offered by Empire Life is established and maintained in accordance with Section 451 of the Insurance Companies Act (Canada). The assets of each segregated fund are owned by Empire Life and are segregated from the other assets of Empire Life for the exclusive benefit of the contract owners whose deposits have been applied to acquire fund class units in the segregated funds. The segregated funds are not separate legal entities. Each segregated fund is divided into units of a fund class and those fund class units are attributed to individual contracts for the purpose of determining benefits under those contracts. The contract owner acquires no direct claim on the fund class units of a segregated fund but only on the benefits provided for in the contract provisions. Fund class units credited to your contract are acquired and subsequently cancelled when required by the terms of the contract. A contract owner is not a shareholder or member of Empire Life and, as such, is not entitled to any voting rights. The rights of the contract owner are limited to those contained in the contract.

CERTIFICATION

This is to certify that this information folder (**"folder"**) including the fund facts provides brief and plain disclosure of all material facts relating to the Class Plus 2.1 contract issued by Empire Life. The folder is incomplete unless the fund facts have been received with it. The folder is for information purposes only and is not an insurance contract.

Mark Sylvia
President and Chief Executive Officer

Ron Friesen
Senior Vice-President and Chief Financial Officer

CLASS PLUS 2.1 INFORMATION FOLDER

1. GENERAL INFORMATION

1.1 Definitions

The following are definitions for some of the key terms used throughout this document. You will find other terms defined in other sections of the folder. The defined term is bolded and in quotes and the definition is in the sentence containing the defined term. The definitions provided will have the same meaning throughout the folder and the contract provisions.

"**annuitant**" shall mean the individual named as annuitant on the application. The annuitant is also presumed to be the contract owner only for the purposes of describing the benefits available;

"**application**" shall mean the Class Plus 2.1 Application, the Class Plus 2.1 Application for Nominee/Intermediary Account, or the Class Plus 2.1 Application for a Tax-Free Savings Account;

"bonus base" shall mean the notional amount used to calculate the income base bonus at the end of the calendar year;

"bonus base reset" shall mean a notional increase to the bonus base to equal the market value of the funds at the credit of your contract, if the market value of the funds is greater than the bonus base. Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter a bonus base reset will occur;

"Class Plus anniversary date" shall mean the valuation date of the initial deposit to your contract and every year thereafter;

"**cut-off time**" is 4:00 p.m. ET of a valuation date. Any deposits, switches or withdrawal requests received after the cut-off time will be processed effective the next valuation date. Empire Life reserves the right to change the cut-off time without advance notice to you;

"**deposits**" shall mean the premium amounts you pay to us either directly or as a transfer from another policy/contract with Empire Life or from another financial institution under the terms of the contract;

"**effective date**" shall be the date we have received all of the required documents and your initial deposit. The effective date of your contract is as shown on the confirmation notice;

"excess withdrawal" shall occur when total withdrawals in a calendar year exceed the lifetime withdrawal amount;

"**fund(s)**" and "**segregated funds**" shall mean and include any one or all of the segregated funds and their respective fund classes available under the terms of the contract at any time;

"**fund class**" shall mean the notional division of a segregated fund for the purposes of determining management fees and benefit guarantees;

"fund class unit(s)" shall mean the notional division of a segregated fund for the purposes of determining benefits under the contract;

"fund facts" shall mean the disclosure document that forms part of this folder and, for specified information in the fund facts, part of the contract;

"guaranteed withdrawal benefit ("GWB")" shall mean the feature of Class Plus 2.1 that provides for withdrawals over the life of the contract provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"GWB guarantee" shall mean a guarantee that withdrawals will continue for the life of the annuitant or, if applicable, the life of the joint life provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"guaranteed payment phase" shall mean the period of time that withdrawals up to an annual maximum amount can occur when the market value of the funds at the credit of your contract equals $0, subject to specified conditions;

"income base" shall mean the notional value that is the basis for determining the lifetime withdrawal amount each calendar year;

"income base bonus" shall mean a notional amount added to the income base at the end of each calendar year following the initial deposit during which no withdrawals are made for that year;

"income base downward adjustment" shall mean a potential reduction to the income base that occurs immediately following an excess withdrawal;

"income base reset" shall mean a notional increase to the income base to equal the market value of the funds at the credit of your contract, if the market value of the funds is greater than the income base. Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter an income base reset will occur;

"**Income Tax Act**" shall mean the *Income Tax Act* (Canada), as amended from time to time;

"joint life" shall mean, for purposes of the joint tiered LWA option, the individual named as joint life on the application who must be the annuitant's spouse or common-law partner at that time;

"joint tiered lifetime withdrawal amount option ("joint tiered LWA option")" shall mean an option available where withdrawals are guaranteed for the life of the annuitant or joint life provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**last annuitant**" shall mean the annuitant, or if there is a successor annuitant or joint life, the survivor;

"lifetime withdrawal amount ("LWA")" shall mean the maximum amount guaranteed to be available each calendar year for withdrawal for the life of the annuitant or, if applicable, the life of the joint life, provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**maturity date**" shall mean the latest date that a contract may be owned. The maturity benefit is payable on the maturity date;

"**notice to us**" shall mean notice in writing, by any electronic means acceptable to us, or in any other form we may approve and received by us;

"**notice to you**" shall mean notice sent by electronic means or written notice sent by regular mail from us to you at your last known address according to our records;

"**rules**" shall mean the administrative rules and procedures established for the contract by us from time to time. We may change our rules in order to provide better service or to reflect corporate policy as well as when required by economic and legislative changes, including revisions to applicable income tax or pension legislation. The operation of the contract and your rights as contract owner is subject to our rules and procedures and no prior notice to you is required for a rule or procedure, or for a change to a rule or procedure to become effective;

"secondary fund" shall mean a segregated fund, mutual fund, or other investment fund, limited partnership or income trust, including an index participation unit, in which a segregated fund may invest its assets;

"**similar fund**" shall mean a segregated fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the fund in question;

"single tiered lifetime withdrawal amount option ("single tiered LWA option")" shall mean an option available where withdrawals are guaranteed for the life of the annuitant provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**successor annuitant**" shall mean the person who will become the annuitant on the death of the annuitant;

"**valuation date**" shall mean each day that our head office is open for business and a value is available for the underlying assets of the funds. Valuation of the segregated funds and any secondary funds occurs at the close of business each valuation date. We reserve the right to value a fund less frequently than each business day, subject to a minimum monthly valuation occurring on the last business day of each month;

"**we**", "**us**", "**our**", "**the company**" and "**Empire Life**" shall mean The Empire Life Insurance Company and, for purposes of a Tax-Free Savings Account, the issuer of the Tax-Free Savings Account;

"**withdrawal fee schedule**" shall mean the schedule of fees applicable to withdrawals. The fees in effect at the time your contract is applied for are outlined in Section 8.2 Purchase Fee Options;

"**you**", "**your**", and "**contract owner**" shall mean the legal owner of the contract and, for purposes of a Tax-Free Savings Account, the holder of the Tax-Free Savings Account.

1.2 Use of your Personal Information

1.2.1 Privacy Statement

By signing the application, you understand and agree that:

1) Empire Life will maintain a file with the information contained in your application and any related documents. The file will enable Empire Life and our employees, agents or representatives to:
   a) assess the application;
   b) appraise any risk;
   c) assess any claim that you or your beneficiaries may make for income payments or other benefits;
   d) administer the file;
   e) answer any questions you may have about your application or file in general; and
   f) provide you with information about your file and our products and services.
2) Your file will be kept at our head office. We may also use third party service providers located in or outside of Canada to process and store your personal information. You are entitled to consult your file and when applicable, have it corrected. To access a copy of our most recent privacy policy you may access our website at www.empire.ca. To exercise your rights, you must send written notification to: Chief Privacy Officer, Empire Life, P.O. Box 1000, Kingston, Ontario, K7L 4Y4.
3) We will use your personal information on a continuing basis for the purpose of your file. If you refuse to provide consent for this, we won't be able to assess your application or claim for income payments or other benefits. Without your consent we cannot issue any benefits or income payments. If you are permitted by law to withdraw your consent and do so, we won't be able to continue to administer the contract, neither you nor your estate will be able to exercise any rights under the terms of the contract, and the contract may be terminated at our discretion.

1.2.2 Authorization and Consent

By signing the application you authorize and provide your consent for:

1) Empire Life, our reinsurers, employees, agents and representatives, and any other person authorized by you to collect, use and exchange personal information about you as required in order to achieve the objectives of your file;
2) Empire Life to collect from and/or disclose information regarding your file to your advisor(s) (and agency), or any other agent as appointed by you, on an ongoing basis in order to provide you with ongoing service and advice related to your file; and
3) The contract owner, successor owner, joint owner, beneficiary, heirs and your personal representative or liquidator of your estate to provide Empire Life, its reinsurers and their agents, with all of the information and authorizations necessary to obtain the information required to appraise the claim following your death.

1.3 Correspondence

1.3.1 Correspondence to Us

We ask that you send your correspondence to:
The Empire Life Insurance Company, 259 King Street East, Kingston, ON, K7L 3A8. In some cases where a third party distributor is involved and the contract is held externally in a nominee or intermediary name, your correspondence may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Empire Life.

1.3.2 Correspondence from Us

Please advise us immediately of any change in your address.

We will send you:

- confirmations for most financial and non-financial transactions affecting your contract;
- statements for your contract at least once a year;
- on request, the audited financial statements;
- on request, the semi-annual unaudited financial statements.

The most recently published audited financial statements are available at any time on our website at www.empire.ca.

In some cases where a third party distributor is involved and the contract is held externally in a nominee or intermediary name, correspondence from us may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Empire Life.

1.4 Maximum Issue Age

You can apply for a Class Plus 2.1 contract at any time up to and including December 31st of the year the annuitant turns 80 years old.

If the contract is to be registered as a retirement savings plan, the annuitant must be less than the maximum age prescribed by the Income Tax Act (currently 71).

We reserve the right, without prior notice to you, to change the maximum issue age at any time.

1.5 Creditor Protection

The Class Plus 2.1 contract is an individual variable insurance contract and, under provincial insurance legislation, may be protected from creditors if the beneficiary is the spouse or common-law partner, parent, child or grandchild of the annuitant (except in Québec where the beneficiary is the spouse, parent, child or grandchild of the contract owner) or if the beneficiary is irrevocable. Note that there are certain circumstances where protection from creditors will not exist. If the possible protection from creditors is an important consideration, you should consult with your legal advisor before deciding to purchase the contract.

2. TYPES OF CONTRACTS

2.1 General Information

Your contract may be purchased as registered or non-registered or as a Tax-Free Savings Account (**"TFSA"**). The registered contracts available include:

- Registered Retirement Savings Plan (**"RRSP"**) including spousal or common-law partner RRSP;
- Locked-In Retirement Account (**"LIRA"**);
- Restricted Locked-in Savings Plan (**"RLSP"**);
- Locked-in RSP (**"LRSP"**);
- Registered Retirement Income Funds (**"RRIF"**) including spousal or common-law partner RRIF;
- Life Income Fund (**"LIF"**);
- Restricted Locked-in Fund (**"RLIF"**);
- Locked-In Retirement Income Fund (**"LRIF"**);
- Prescribed Retirement Income Fund (**"PRIF"**); and
- any other locked-in plan as allowed under the applicable pension legislation.

Not all variations of the registered contracts may be available to you depending on the source of your initial deposit and the pension legislation applicable to the funds.

2.2 Non-Registered Contracts

A non-registered contract may be owned by a single individual, a corporation or more than one individual in any form of ownership permitted under the applicable governing legislation. The annuitant or a third party may be the contract owner. The ownership of your contract may be transferred in accordance with the applicable governing legislation and our rules.

A contract that is held in a trust arrangement that is registered as an RRSP, RRIF, or TFSA (e.g. self-directed RRSP, RRIF, or TFSA) is a non-registered contract with Empire Life. The contract owner will be the trustee of the RRSP, RRIF, or TFSA.

If you select the joint tiered LWA option, the joint life must be the spouse or common-law partner of the annuitant at the time of application. A joint life cannot be removed or changed without terminating the contract. The annuitant and joint life must be joint owners with right of survivorship (subrogated policyholders in Quebec).

You cannot borrow money from your contract. However, you may use your non-registered contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person claiming a death benefit. An assignment of the contract may restrict or delay certain transactions otherwise permitted. If you designate your beneficiary as irrevocable, the consent of the beneficiary will be required for an assignment.

2.3 Registered Contracts

The joint tiered LWA option is not available as a registered contract or as a contract held in a trust arrangement that is registered as an RRSP or RRIF (e.g. self-directed RRSP or RRIF).

Under a registered contract, you are the contract owner and the annuitant. You cannot borrow money from your contract. You cannot use your registered contract as security for a loan or assign it to a third party.

2.3.1 RRSPs

You may own and make deposits to an RRSP or spousal or common-law partner RRSP up until the latest date for RRSPs as prescribed by the Income Tax Act. Once you reach the end of the year that you attain the maximum age, you must:

1) convert to a RRIF or spousal or common-law partner RRIF; or
2) convert to a LIF, RLIF, LRIF or PRIF or any other locked-in plan as allowed under the applicable pension legislation if your funds are locked-in; or
3) acquire an immediate annuity; or
4) request a cash withdrawal (not available on LIRA, RLSP or LRSP plans).

There are a number of investment vehicles available for the accumulation of retirement income. Registration of your contract as an RRSP may be more suitable as a means of long term investment rather than for a short duration.

2.3.2 RRIFs

Deposits to a RRIF or spousal or common-law partner RRIF must be from one of the sources permitted under the Income Tax Act. You may purchase a LIF, LRIF or PRIF with funds transferred from your LIRA or LRSP, or a direct transfer of locked-in funds from another financial institution.

The Income Tax Act specifies that a minimum amount must be taken every year as retirement income payments. The minimum retirement income payments for LIFs, RLIFs, LRIFs and PRIFs are the same as for a RRIF. LIFs, RLIFs and LRIFs may have a maximum annual income that can be paid out each year. A LIF, RLIF, LRIF or PRIF may only be issued at the ages permitted by the legislation governing your former pension plan. Spousal rights prescribed under pension legislation are preserved when locked-in benefits are transferred to a LIF, RLIF, LRIF or PRIF. A spousal consent or spousal waiver form may be required before the proceeds can be transferred.

Depending on the legislation governing your former pension plan, a LIF may require you to purchase a life annuity by December 31 of the year in which you attain the age of 80. An LRIF, a PRIF and under some pension legislation, a LIF or RLIF, may continue for your lifetime.

Your LIF, RLIF, LRIF or PRIF contract will also be subject to the RRIF provisions of the Income Tax Act.

2.4 TFSAs

The joint tiered LWA option is not available as a TFSA or as a contract held in a trust arrangement that is registered as a TFSA.

Under a TFSA, you are the contract owner and the annuitant. You cannot borrow money from your contract. However, you may use your contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person claiming a death benefit. An assignment of the contract may restrict or delay certain transactions otherwise permitted. If you designate your beneficiary as irrevocable, the consent of the beneficiary will be required for an assignment.

3. DEPOSITS

3.1 General Information

When you make your initial deposit, in accordance with our rules, the Class Plus anniversary date will be the valuation date of the initial deposit. If the valuation date of the initial deposit is February 29th, February 28th will be the Class Plus anniversary date.

We reserve the right to, from time to time and at our discretion, without advance notice to you:

1) refuse to accept deposits;
2) limit the amount of deposits;
3) impose additional conditions on deposits; and
4) limit the number of contracts owned by you.

There are minimum deposit requirements, which are subject to change in accordance with our rules. There is a minimum deposit amount of $10,000 to establish a contract. There is also a minimum initial deposit requirement of $500 per fund.

No deposits can be made:

1) if you have selected the single tiered LWA option, after December 31st of the year the annuitant turns 80 years old;
2) if you have selected the joint tiered LWA option, after December 31st of the year the older of the annuitant and the joint life turns 80 years old or would have turned 80 had he/she survived; and
3) during the guaranteed payment phase (see Section 6.10 Guaranteed Payment Phase).

Deposits to the contract can be made on a regular scheduled basis or as subsequent lump sum deposits. The minimum scheduled deposit amount is $100 per fund. Subsequent lump sum deposits must be at least $500 per fund and can be made at any time while your contract is in force except for any limitations described in this folder.

We may require medical evidence of the health of an annuitant and reserve the right to refuse to accept a deposit or to return a deposit should incomplete or unsatisfactory evidence be provided.

Cheques must be payable to The Empire Life Insurance Company. All payments must be made in Canadian dollars.

Your deposit will be applied towards the purchase of fund class units in the fund(s) you have selected at the fund class unit value in effect on the valuation date (see Section 10.3 Valuation Date and Fund Class Unit Values).

3.2 Rescission Rights

You have the right to change your mind about purchasing the contract. You must provide written notice of your desire to rescind the contract to us within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after we have mailed it.

You will receive the lesser of:

1) the market value of the fund class units at the credit of your contract on the valuation date following the day we receive your request plus any sales charges applicable to the deposit; or
2) the amount of your deposit.

You can also change your mind about subsequent deposits to the contract on the same conditions as outlined above except as follows:

1) in the event you elect to rescind a subsequent deposit, the right to rescind the purchase will only apply to that deposit; and
2) the right to rescind a subsequent deposit does not apply to regular scheduled deposits for which confirmation notices are not issued at the time of deposit.

We reserve the right to defer payment of any value under the rescission right for 30 days following the date we receive your notice to rescind.

Any deposit allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

4. SWITCHES

4.1 General Information

A switch shall mean transferring funds within your contract by cancelling fund class units of one fund for their market value and acquiring fund class units in another fund.

Switches between funds will not affect the maturity and death benefit guarantees or the GWB guarantee. For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

Switches must be between funds purchased with the same purchase fee options (e.g. fund class units purchased under the DSC option can only be switched to other fund class units under the DSC option).

When you make a switch the market value of the fund class units acquired by deposits that have been in the fund the longest are switched first.

If your contract is non-registered, switches may result in a gain or a loss since they are considered a taxable disposition from the applicable fund.

The minimum amount for a switch is currently $250. We reserve the right to refuse a switch request in accordance with our rules.

Frequent switches may result in an excessive short-term trading fee (see Section 8.4 Excessive Short-Term Trading Fee).

4.2 Scheduled Switches

You may, by providing notice to us, make scheduled switches in accordance with our rules. If the date selected falls on a weekend or holiday, the switch will be processed on the previous valuation date. We reserve the right to cancel your scheduled switches at any time or to direct your scheduled switches to a similar fund in accordance with our rules.

The market value of fund class units cancelled and acquired in accordance with a switch is not guaranteed but will fluctuate with the market value of the assets of the funds.

5. WITHDRAWALS

5.1 General Information

Withdrawals could significantly reduce or eliminate the value of the GWB. Withdrawals will proportionately reduce the previously established maturity and death benefit guarantees and the income base (see Section 6.6 Income Base Reset, Section 7.4 Maturity Benefit Guarantee, and Section 7.9 Death Benefit Guarantee).

You may, by providing notice to us and while your contract is in force, request a withdrawal on an unscheduled or scheduled basis. The minimum withdrawal amount is $250 per fund. You must indicate in your notice to us the fund(s) you wish to withdraw fund class units from. The contract will automatically terminate when all fund class units have been withdrawn except during the guaranteed payment phase (see Section 6.10 Guaranteed Payment Phase).

Any applicable withdrawal fees and withholding taxes are deducted from the amount withdrawn (see Section 8.2 Purchase Fee Options). The minimum withdrawal amounts are calculated before withdrawal fees and withholding taxes are deducted. If the market value of the fund class units on a valuation date is not sufficient for us to make the requested withdrawal, we will make the withdrawal in accordance with our rules (see Section 10.3 Valuation Date and Fund Class Unit Values).

We reserve the right to refuse your request for a withdrawal or to require that your contract be cancelled if the minimum balance requirements are not met (see Section 5.4 Minimum Balance Requirements).

Withdrawals from a non-registered contract may result in a gain or a loss as this is a taxable disposition. Withdrawals from a registered contract may be subject to withholding taxes (see Section 9 Taxation).

5.2 Scheduled Withdrawals

You may, by providing notice to us, request scheduled withdrawals. Scheduled withdrawals are the automatic withdrawal of some of the market value of the fund class units at the credit of your contract at regular periodic intervals. We will withdraw the amount you have requested on the date as selected by you. If the date selected falls on a weekend or holiday, the withdrawal will be processed on the previous valuation date. The proceeds from a scheduled withdrawal will be deposited directly into your bank account.

If your contract is a RRIF, scheduled withdrawals will be referred to as retirement income payments.

5.3 Free Withdrawal Limit

For deposits that have been made with a deferred sales charge option (**"DSC option"**) or low-load option (**"LL option"**), withdrawal fees apply to any withdrawals that occur before the end of the withdrawal fee schedule (see Section 8.2 Purchase Fee Options). However, a withdrawal of some of the market value of fund class units at the credit of your contract each calendar year up to specified limits will not be charged a withdrawal fee. Withdrawals in excess of the LWA for the calendar year will be an excess withdrawal (see Section 6.8 Excess Withdrawals).

The free withdrawal limit is calculated as:

1) a percentage of the market value of the fund class units purchased under the DSC or LL option at the credit of your contract on December 31st of the previous calendar year; plus
2) a percentage of any deposits made in the current calendar year.

The free withdrawal limits are specified in the following chart:

Contract Type	% of market value of fund class units as of December 31st of previous year*	% of deposits made in current year
Non-registered, RRSPs and TFSAs	10%	10%
RRIFs	20%	20%

**Only applies to fund class units purchased under the DSC or LL option.*

We reserve the right, without prior notice to you, to change the free withdrawal limit, the conditions under which this provision is applied and the calculation of the limits in accordance with our rules.

For amounts in excess of the 10% or 20% respectively, normal withdrawal fees will apply. The free withdrawal limit is determined each calendar year and cannot be carried over to the next calendar year.

5.4 Minimum Balance Requirements

The market value of the fund class units in a fund at the credit of your contract at any time must be at least $250.

The market value of the fund class units at the credit of your contract must be at least $500.

If the minimum balance requirements are not met, we reserve the right to terminate your contract and pay the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees and withholding taxes, to you.

Minimum balance requirements do not apply during the guaranteed payment phase.

We reserve the right, without prior notice to you, to change the minimum balance requirements at any time.

The market value of fund class units cancelled in accordance with a withdrawal is not guaranteed but will fluctuate with the market value of the assets of the fund(s).

6. GUARANTEED WITHDRAWAL BENEFIT ("GWB")

6.1 General Information

The GWB provides guaranteed payments to you and, if applicable, the joint life annually regardless of the investment performance of the fund class units that you have invested in, subject to the terms and conditions contained in this folder.

The Class Plus 2.1 contract currently offers two GWB Options:

1) the single tiered LWA option; and
2) the joint tiered LWA option.

The GWB option must be selected on the application. Once selected, the GWB option cannot be changed without terminating your contract.

We reserve the right to change or delete a GWB option at any time.

6.2 Single Tiered Lifetime Withdrawal Amount Option ("single tiered LWA option")

6.2.1 Calculation of the LWA for the Year of Initial Deposit

On receipt of the initial deposit, we will calculate your LWA based on the amount of the deposit (the initial income base) and the initial single tiered LWA percentage. The initial single tiered LWA percentage used is based on the annuitant's age as of December 31st of the calendar year in which the initial deposit is made. If the annuitant is younger than 55 as of December 31st of the current calendar year, the LWA is set to equal $0 and any withdrawal is considered an excess withdrawal (see Section 6.8 Excess Withdrawals). If the annuitant is 55 or older as of December 31st of the current calendar year, the LWA will be calculated based on the initial income base and the initial single tiered LWA percentage (as shown in the chart below) that corresponds to the annuitant's age as of December 31st of the current calendar year.

6.2.2 Calculation of the LWA for Subsequent Years

On December 31st of each year we will calculate your LWA for the following calendar year.

If total withdrawals have not exceeded the LWA for the current calendar year, the LWA for the following calendar year is the greater of:

1) the current LWA; and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the single tiered LWA percentage that corresponds to the annuitant's age as of December 31st of the following calendar year.

If total withdrawals have exceeded the LWA for the current calendar year, the LWA for the following calendar year will be an amount equal to the single tiered LWA percentage of the current income base (after all transactions have been processed). The single tiered LWA percentage will be determined based on the annuitant's age as of December 31st of the following calendar year.

Note that the single tiered LWA percentage will automatically increase as the annuitant's age increases as shown in the chart below.

The current single tiered LWA percentages are as follows:

Annuitant's Age	Single Tiered LWA Percentage
0 - 54	0.00%
55 - 59	3.00%
60 - 64	3.50%
65 - 69	4.00%
70 - 74	4.25%
75+	5.00%

We reserve the right to change the single tiered LWA percentages. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new single tiered LWA percentages are higher than those in effect when your contract was issued, we may allow you to change to the new single tiered LWA percentages in accordance with our rules.

If total withdrawals have not exceeded the LWA for the current calendar year, the remainder will not be added to the LWA for the next calendar year.

Example – calculation of the LWA (without excess withdrawals)
Assumption: annuitant is 59 years old as of December 31st 2015 (year of intial deposit).

Date	Transaction	Amount	Income Base before Transaction	Bonus Base*	Income Base Bonus*	Income Base after Transaction	Current LWA	LWA for Next Year
May 01-2015	Initial Deposit	$100,000	$0	$100,000	n/a	$100,000	$3,000	n/a
Dec 31-2015	Income Base Bonus	n/a	$100,000	$100,000	$5,000	$105,000	$3,000	$3,675 (3.5% of $105,000)
Aug 21-2016	Subsequent Deposit	$100,000	$105,000	$200,000	n/a	$205,000	$3,675	n/a
Dec 31-2016	Income Base Bonus	n/a	$205,000	$200,000	$10,000	$215,000	$3,675	$7,525 (3.5% of $215,000)

** see Section 6.5 Income Base Bonus*

Example – calculation of the LWA (without excess withdrawals)
Assumption: annuitant is 59 years old as of December 31st 2015 (year of initial deposit).

Date	Transaction	Amount	Income Base before Transaction	Bonus Base*	Income Base Bonus*	Income Base after Transaction	Current LWA	LWA for Next Year
May 01-2015	Initial Deposit	$100,000	$0	$100,000	n/a	$100,000	$3,000 (3% of $100,000)	n/a
Dec 31-2015	Income Base Bonus	n/a	$100,000	$100,000	$5,000	$105,000	$3,000	$3,675 (3.5% of $105,000)
Aug 21-2016	Withdrawal	$3,675	$105,000	$100,000	n/a	$101,325	$3,675	n/a
Dec 31-2016	Income Base Bonus	n/a	$101,325	$100,000	n/a	$101,325	$3,675	$3,675 (greater of current LWA or 3.5% of $101,325)
Aug 21-2017	Withdrawal	$3,675	$101,325	$100,000	n/a	$97,650	$3,675	n/a
Dec 31-2017	Income Base Bonus	n/a	$97,650	$100,000	n/a	$97,650	$3,675	$3,675 (greater of current LWA or 3.5% of $97,650)
Aug 21-2018	Withdrawal	$3,675	$97,650	$100,000	n/a	$93,975	$3,675	n/a
Dec 31-2018	Income Base Bonus	n/a	$93,975	$100,000	n/a	$93,975	$3,675	$3,675 (greater of current LWA or 3.5% of $93,975)
Aug 21-2019	Withdrawal	$3,675	$93,975	$100,000	n/a	$90,300	$3,675	n/a
Dec 31-2019	Income Base Bonus	n/a	$90,300	$100,000	n/a	$90,300	$3,675	$3,675 (greater of current LWA or 3.5% of $90,300)
Aug 21-2020	Withdrawal	$3,675	$90,300	$100,000	n/a	$86,625	$3,675	n/a
Dec 31-2020	Income Base Bonus	n/a	$86,625	$100,000	n/a	$86,625	$3,675	$3,675 (greater of current LWA or 4% of $86,625)

** see Section 6.5 Income Base Bonus*

Example – calculation of the LWA (with excess withdrawals)
Assumption: annuitant is 60 years old as of December 31st 2015 (year of intial deposit).

Date	Transaction	Amount	Income Base after Transaction	Market Value of Fund Class Units*	Current LWA	LWA for Next Year
May 01-2015	Initial Deposit	$100,000	$100,000	$100,000	$3,500	n/a
Aug 21-2015	Excess Withdrawal	$10,000	$90,000	$92,000	$3,500	n/a
Dec 31-2015	Recalculation of LWA	n/a	$90,000	$93,300	$3,500	$3,150 (3.5% of $90,000)

**The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

6.3 Joint Tiered Lifetime Withdrawal Amount Option ("joint tiered LWA option")

If you select the joint tiered LWA option, the annuitant and joint life must be joint owners with right of survivorship (subrogated policyholders in Quebec), in accordance with our rules.

6.3.1 Calculation of the LWA for the Year of Initial Deposit

On receipt of the initial deposit, we will calculate your LWA based on the amount of the deposit (the initial income base) and the initial joint tiered LWA percentage. The initial joint tiered LWA percentage used is based on the youngest of the annuitant and the joint life's age as of December 31st of the calendar year in which the initial deposit is made. If the annuitant or the joint life is younger than 55 as of December 31st of the current calendar year, the LWA is set to equal $0 and any withdrawal is considered an excess withdrawal (see Section 6.8 Excess Withdrawals). If both the annuitant and the joint life are 55 or older as of December 31st of the current calendar year, the LWA will be calculated based on the initial income base and the initial joint tiered LWA percentage (as shown in the chart below) that corresponds to the youngest of the annuitant and the joint life's age as of December 31st of the current calendar year.

6.3.2 Calculation of the LWA for Subsequent Years

On December 31st of each year we will calculate your LWA for the following calendar year.

If total withdrawals have not exceeded the LWA for the current calendar year, the LWA for the following calendar year is the greater of:

1) the current LWA; and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the joint tiered LWA percentage that corresponds to the youngest of the annuitant and the joint life's age as of December 31st of the following calendar year.

If total withdrawals have exceeded the LWA for the current calendar year, the LWA for the following calendar year will be an amount equal to the joint tiered LWA percentage of the current income base (after all transactions have been processed). The joint tiered LWA percentage will be determined based on the youngest of the annuitant and the joint life's age as of December 31st of the following calendar year.

Note that the joint tiered LWA percentage will automatically increase as the youngest of the annuitant and the joint life's age increases as shown in the chart below. The LWA is always based on the age of the youngest of the annuitant and the joint life, even if that person dies while your contract is in effect.

The current joint tiered LWA percentages are as follows:

Youngest of Annuitant or Joint Life's Age	Joint Tiered LWA Percentage
0 - 54	0.00%
55 - 59	2.50%
60 - 64	3.00%
65 - 69	3.50%
70 - 74	3.75%
75+	4.50%

We reserve the right to change the joint tiered LWA percentages. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new joint tiered LWA percentages are higher than those in effect when your contract was issued, we may allow you to change to the new joint tiered LWA percentages in accordance with our rules.

If total withdrawals have not exceeded the LWA for the current calendar year, the remainder will not be added to the LWA for the next calendar year.

Example – calculation of the LWA (without excess withdrawals)
Assumption: annuitant is 66 years old and joint life is 58 as of December 31st 2015 (year of initial deposit).

Date	Transaction	Amount	Income Base before Transaction	Bonus Base*	Income Base Bonus*	Income Base after Transaction	Current LWA	LWA for Next Year
May 01-2015	Initial Deposit	$100,000	$0	$100,000	n/a	$100,000	$2,500	n/a
Dec 31-2015	Income Base Bonus	n/a	$100,000	$100,000	$5,000	$105,000	$2,500	$2,625 (2.5% of $105,000)
Aug 21-2016	Subsequent Deposit	$100,000	$105,000	$200,000	n/a	$205,000	$2,625	n/a
Dec 31-2016	Income Base Bonus	n/a	$205,000	$200,000	$10,000	$215,000	$2,625	$6,450 (3% of $215,000)

** see Section 6.5 Income Base Bonus*

6.4 Income Base

The initial income base is set to equal the initial deposit.

Example – the impact of deposits on the income base

Date	Transaction	Amount	Income Base Before Transaction	Income Base After Transaction
Dec 02-2015	Initial Deposit	$80,000	$0	$80,000
May-11-2016	Subsequent Deposit	$30,000	$80,000	$110,000

Example – the impact of withdrawals on the Income Base (not exceeding the LWA)

Date	Transaction	Amount	Income Base Before Transaction	Income Base After Transaction
Dec 02-2015	Initial Deposit	$200,000	$0	$200,000
May 11-2016	Withdrawal (not exceeding the LWA)	$2,000	$200,000	$198,000
Sep 30-2016	Withdrawal (not exceeding the LWA)	$1,000	$198,000	$197,000

The income base may:

1) increase by any subsequent deposits;
2) increase on the last valuation date of each calendar year by a notional income base bonus (see Section 6.5 Income Base Bonus);
3) increase on every third Class Plus anniversary date as a result of an income base reset (see Section 6.6 Income Base Reset);
4) decrease by any withdrawals; and
5) decrease additionally for excess withdrawals (see Section 6.8 Excess Withdrawals).

6.5 Income Base Bonus

The contract may be eligible for notional bonuses that will increase your income base each calendar year following the initial deposit. This includes the calendar year of the initial deposit.

If there are no withdrawals during the calendar year, the income base will increase by a notional income base bonus. The amount of the income base bonus is currently equal to 5% of the current bonus base. Income base bonuses are applied to the income base on the last valuation date of the calendar year.

We reserve the right to change the income base bonus percentage. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new income base bonus percentage is higher than the income base bonus percentage in effect when your contract was issued, we may increase the income base bonus percentage in accordance with our rules.

Income base bonuses do not affect the market value of the fund class units at the credit of your contract.

The bonus base is equal to the initial deposit. The bonus base will increase by the amount of any subsequent deposits.

Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter, a bonus base reset will automatically occur. A bonus base reset may result in an increase to the bonus base. If the market value of the fund class units at the credit of your contract is greater than the bonus base, the bonus base is increased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged. If the Class Plus anniversary date does not fall on a valuation date the most recent valuation date prior to the Class Plus anniversary date will be used for calculating the market value of the fund class units at the credit of your contract.

If an excess withdrawal occurs and the market value of the fund class units at the credit of your contract, determined immediately after the withdrawal, is less than the bonus base, the bonus base is decreased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged.

Example – Income Base Bonus

Date	Transaction	Amount	Bonus Base after Transaction	Income Base Bonus	Income Base after Transaction	Market Value of Fund Class Units*
May 01-2015	Initial Deposit	$100,000	$100,000	n/a	$100,000	$100,000
Aug 21-2015	Subsequent Deposit	$20,000	$120,000	n/a	$120,000	$120,947
Dec 31-2015	Income Base Bonus	n/a	$120,000	$6,000 (5% of $120,000)	$126,000	$125,273
Dec 31-2016	Income Base Bonus	n/a	$120,000	$6,000 (5% of $120,000)	$132,000	$133,100
Dec 31-2017	Income Base Bonus	n/a	$120,000	$6,000 (5% of $120,000)	$138,000	$141,387
May 01-2018	Income Base/Bonus Base Reset	n/a	$142,884 (greater of Bonus Base and Market Value)	n/a	$142,884 (greater of Income Base and Market Value)	$142,884
Dec 31-2018	Income Base Bonus	n/a	$142,884	$7,144 (5% of $142,884)	$150,028	$148,232
Mar 03-2019	Excess Withdrawal	$20,000	$129,333 (lesser of Bonus Base and Market Value)	n/a	$129,333 (lesser of Income Base and Market Value)	$129,333
Sep 20-2019	Excess Withdrawal	$1,000	$129,333 (lesser of Income Base and Market Value)	n/a	$128,333 (lesser of Income Base and Market Value)	$130,001
Dec 31-2019	No Income Base Bonus	n/a	$129,333	n/a	$128,333	$132,987
Dec 31-2020	Income Base Bonus	n/a	$129,333	$6,467 (5% of $129,333)	$134,800	$133,671

**The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

6.6 Income Base Reset

Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter, an income base reset will automatically occur that may result in an increase to the income base. If the market value of the fund class units at the credit of your contract is greater than the income base, then the income base is increased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged.

If the Class Plus anniversary date is not a valuation date, the most recent valuation date prior to the Class Plus anniversary date will be used for calculation purposes.

Example – Income Base Reset

Date	Transaction	Income Base before Transaction	Income Base Reset	Market Value of Fund Class Units*	Income Base after Transaction
May 01-2015	Initial Deposit	$0		$100,000	$100,000
Dec 31-2015	Income Base Bonus	$100,000		$103,200	$105,000
May 01-2016	Class Plus Anniversary Date	$105,000	No	$105,500	$105,000
Dec 31-2016	Income Base Bonus	$105,000		$111,400	$110,000
May 01-2017	Class Plus Anniversary Date	$110,000	No	$112,800	$110,000
Dec 31-2017	Income Base Bonus	$110,000		$115,200	$115,000
May 01-2018	Class Plus Anniversary Date	$115,000	Yes	$116,300	$116,300

**The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

6.7 Retirement Income Payment Options

Minimum

If your contract is a RRIF, the Income Tax Act requires that a minimum amount be withdrawn every year as retirement income payments. You are not required to receive a payment for the calendar year in which your contract is established. For each subsequent year, the minimum retirement income payment is calculated in accordance with the minimum payment schedule as specified in Section 146.3 of the Income Tax Act. The minimum retirement income payment for each calendar year is based on the market value of your contract at the beginning of that calendar year.

If the minimum retirement income payment is higher than the LWA for a calendar year, withdrawals up to the RRIF minimum amount will not be considered an excess withdrawal (see Section 6.8 Excess Withdrawals).

We reserve the right to restrict the use of the spouse or common-law partner's age for the purposes of determining the maximum guaranteed payment available for a calendar year.

If the total of your retirement income payments and any unscheduled withdrawals that you make in a calendar year is less than the required minimum for that year, we will make a payment to you, subject to our rules, before the end of that calendar year to meet the required minimum amount.

Maximum

If your contract is locked-in under pension legislation there may be a maximum income amount that can be received each calendar year. The maximum income amount, if applicable, is determined based on the pension legislation.

If the LWA is higher than your LIF/RLIF/LRIF maximum income amount for a calendar year, you will only be able to withdraw up to your LIF/RLIF/LRIF maximum income amount.

If the LWA is lower than your LIF/RLIF/LRIF maximum income amount for a calendar year, you can withdraw the LWA without it being considered an excess withdrawal (see Section 6.8 Excess Withdrawals).

Level

You may elect to receive any amount greater than or equal to the minimum but less than the maximum, if applicable, for retirement income payments in any calendar year.

6.7.1 Allowances made for contracts held in a self-directed RRIF

A contract held in a trust arrangement that is registered as a RRIF, is administered as a non-registered contract with Empire Life. If the trustee of such a RRIF has notified us that the contract is held in a self-directed RRIF we may allow for withdrawals up to a notional RRIF minimum amount to not be considered excess withdrawals.

In that case, at the end of each calendar year, we will calculate a notional RRIF minimum amount that will apply for the following calendar year. The calculation of the notional amounts will:

1) take into consideration only the market value of your contract excluding other investments held within the self-directed RRIF; and
2) be based on your date of birth, as the beneficial owner of the self-directed RRIF unless notified otherwise by the trustee.

We reserve the right to restrict the use of the spouse or common-law partner's age in calculating the notional RRIF minimum amount.

6.8 Excess Withdrawals

Excess withdrawals may significantly reduce or eliminate the value of the GWB.

An excess withdrawal occurs when the cumulative withdrawals exceed the LWA for a calendar year. Once a withdrawal causes cumulative withdrawals in a calendar year to exceed the LWA, the entire amount of that withdrawal and each subsequent withdrawal in that calendar year are considered excess withdrawals. If you make an excess withdrawal, we will immediately apply an income base downward adjustment by recalculating your income base to be the lesser of:

1) the income base after the withdrawal has been processed; and
2) the market value of the fund class units at the credit of your contract after the withdrawal has been processed.

Example – Income Base Downward Adjustment

Date	Transaction	Amount	Cumulative Withdrawals for Calendar Year	Current LWA	Income Base before Transaction	Income Base after Transaction	Market Value of Fund Class Units after Transaction*
May 01-2015	Initial Deposit	$100,000	n/a	$3,000	$0	$100,000	$100,000
Aug 21-2015	Withdrawal	$2,000	$2,000	$3,000	$100,000	$98,000	$98,500
Sep 30-2015	Excess Withdrawal	$2,000	$4,000	$3,000	$98,000	$96,000 (lesser of income base and market value)	$97,000
Dec 01-2015	Excess Withdrawal	$1,000	$5,000	$3,000	$96,000	$94,000 (lesser of income base and market value)	$94,000

** The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

6.9 Excess Withdrawal Alert Service ("EWA")

The EWA is an optional service. There are no fees or charges associated with the EWA.

The service will be administered in accordance with our rules and the instructions provided by you on your application or on any subsequent forms.

If the EWA service is on and a withdrawal is to be processed from one fund, and that withdrawal would result in an income base downward adjustment, the request will not be processed.

If a withdrawal is to be processed from multiple funds, the withdrawal will be processed from each fund that would not result in an income base downward adjustment. If the amount requested from one or more of the funds would result in an income base downward adjustment, the withdrawal from those funds will not be processed.

Example of the EWA Service

Assumptions: Withdrawal request for $1,500. Remaining LWA available for the calendar year is $1,200.

Fund	Amount to be Withdrawn	Processed
Fund 1	$500	Yes
Fund 2	$500	Yes
Fund 3	$500	No

We will notify you that the withdrawal or part of the withdrawal has not been processed. We will then require authorization to turn the EWA service off and to proceed with the balance of the withdrawal. The balance of the withdrawal will be processed effective the valuation date we receive authorization. The EWA service will then remain off for the balance of that calendar year unless we are advised otherwise.

6.10 Guaranteed Payment Phase

If the market value of the fund class units at the credit of your contract equals $0 and the income base or LWA has a positive value, your contract will not terminate. It will move into the guaranteed payment phase. Once in the guaranteed payment phase, the contract will continue to provide for payments to you as determined each calendar year for the life of the annuitant or, if applicable, the life of the joint life.

No deposits can be made during the guaranteed payment phase. Withdrawals will not be made to pay the Class Plus fee during the guaranteed payment phase.

7. MATURITY AND DEATH BENEFITS

7.1 General Information

Your contract provides guarantees at maturity and death, as outlined in this section.

On the maturity date, if the maturity benefit guarantee is

higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the maturity benefit guarantee.

On the death benefit date, if the death benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the death benefit guarantee.

Any increase in the market value of the fund class units at the credit of your contract as a result of a maturity or death benefit guarantee will be referred to as a **"top up"**. Any applicable top up payments are provided from the general funds of the company. A contract is limited to one top up. There are no sales charges or withdrawal fees applicable to a top up.

7.2 Maturity Date

If you have selected the single tiered LWA option, the maturity date of your contract is December 31st of the year the annuitant named in the application turns 120 years old.

If you have selected the joint tiered LWA option, the maturity date of your contract is December 31st of the year the youngest of the annuitant and the joint life named in the application, turns 120 years old.

The maturity date cannot be changed.

7.3 Maturity Benefit

On the maturity date we will determine a maturity benefit. The maturity benefit is equal to the greater of:

1) the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees; and
2) the maturity benefit guarantee.

If (2) is greater than (1) a top up will be applied.

The maturity benefit will be applied to the maturity option you select and your contract will then terminate.

7.4 Maturity Benefit Guarantee

The maturity benefit guarantee is 75% of the sum of the deposits reduced proportionately for any withdrawals. The maturity benefit guarantee will not decrease as a result of a withdrawal to pay the Class Plus fee (see Section 8.3 Class Plus Fee).

7.5 Maturity Options

We will provide notice to you of your maturity options prior to the maturity date of your contract.

We currently offer the following maturity options:

1) a non-commutable annuity payable in equal monthly instalments commencing one month after the maturity date. The annuity will have a 10 year guarantee period and will be payable for as long as the annuitant lives. The amount of each monthly instalment will be the greater of:
   a) the amount determined based on our annuity rates in effect at that time; and
   b) $1.00 of monthly income per $1,000 of the maturity benefit;
2) an annuity of any other form that we may be offering at that time;
3) a lump sum payment to you.

If your contract is non-registered or a TFSA and you have not selected a maturity option, we will automatically apply option (1).

Locked-in funds will be applied in accordance with the applicable pension legislation.

7.6 RRSP to RRIF Conversion

If your contract is an RRSP, you may convert it to a RRIF at any time by providing notice to us. If your contract is a LIRA, LRSP or RLSP, it will be converted to a LIF, RLIF, LRIF, or PRIF in accordance with the applicable pension legislation.

In this event:

1) the fund class units at the credit of your contract are transferred to the same fund class units of the RRIF contract;
2) the retirement income payments will be based on the minimum payments required under the Income Tax Act and subject to our rules;
3) the beneficiary will remain the same unless we are notified otherwise;
4) the maturity date will remain the same;
5) the maturity benefit, death benefit, and GWB guarantees will not be affected; and
6) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

If you do not provide notice to us and your RRSP contract is in force on December 31st of the year you attain the maximum age for owning an RRSP as prescribed by the Income Tax Act (currently 71), we will automatically convert it to a RRIF. All of the conditions as outlined above will apply and the retirement income payments will be based on the annuitant's age.

7.7 Death Benefit Date

The death benefit date is the valuation date we receive sufficient notification of the death of the annuitant(s) and, if applicable, the joint life in accordance with our rules.

7.8 Death Benefit

We will pay a death benefit on the death of the last annuitant.

The contract must be in force and the death must have occurred prior to the maturity date.

The death benefit is determined effective the death benefit date and is equal to the greater of:

1) the market value of the fund class units at the credit of your contract; and
2) the death benefit guarantee.

If (2) is greater than (1) a top up will be applied.

On receipt of sufficient proof of the last annuitant's death and of the claimant's right to the proceeds, we will pay the death benefit to the beneficiary(ies). The payment will be in one lump sum unless you make other arrangements.

There are no withdrawal fees applicable to the death benefit. The contract will terminate on the death of the last annuitant.

7.9 Death Benefit Guarantee

The death benefit guarantee is 75% of the sum of the deposits reduced proportionately for any withdrawals.

The death benefit guarantee will not decrease as a result of a withdrawal to pay the Class Plus fee (see Section 8.3 Class Plus Fee).

7.10 Death Benefit Guarantee Resets

Resets increase the death benefit guarantee following increases in the market value of fund class units at the credit of your contract (see Section 10.2 Market Value of your Contract).

The death benefit guarantee is reset automatically beginning on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter prior to:

1) the annuitant's 80th birthday, if you have selected the single tiered LWA option;
2) the earliest of the annuitant's and the joint life's 80th birthday (even if that person dies while the contract is in effect), if you have selected the joint tiered LWA option.

The last reset of the death benefit guarantee occurs automatically on:

1) the annuitant's 80th birthday, if you have selected the single tiered LWA option;
2) the earliest of the annuitant's and the joint life's 80th birthday (even if that person dies while the contract is in effect), if you have selected the joint tiered LWA option.

If the Class Plus anniversary date (or the annuitant's or joint life's 80th birthday) is not a valuation date, then the most recent valuation date prior to the Class Plus anniversary date (or the annuitant's or joint life's 80th birthday) will be used for calculation purposes.

The new death benefit guarantee is determined as if a complete withdrawal and a redeposit of the market value of the fund class units at the credit of your contract had occurred. If the new death benefit guarantee is greater than the current death benefit guarantee then the death benefit guarantee is increased to equal the new death benefit guarantee, otherwise it will remain unchanged.

We reserve the right, at any time and without prior notice to you, to change the reset feature. We also reserve the right to cancel this feature at any time. We will provide notice to you 60 days prior to the cancellation of this reset feature.

7.11 Contract Continuance on Death

7.11.1 Non-Registered Contracts

If you have selected the joint tiered LWA option, the contract will automatically continue until the death of the last annuitant.

If you have selected the single tiered LWA option, your non-registered contract may continue following your death if you make certain elections prior to death.

Joint or Successor Owner

If your contract is non-registered and you are not the annuitant, you can designate a joint owner or a successor owner (in Québec, a subrogated policyholder). Joint owners shall be deemed to hold the contract as joint owners with right of survivorship, except in Québec. If all owners predecease the annuitant, the successor owner (subrogated policyholder) will become the owner. If there is no successor owner (subrogated policyholder) named, the annuitant will become the contract owner.

These transfers in ownership described above occur without your contract passing through your estate.

Successor Annuitant

If you have selected the joint tiered LWA option, a successor annuitant cannot be appointed.

If you have selected the single tiered LWA option, you may appoint a successor annuitant at any time prior to the death of the annuitant. On the death of the annuitant, the successor annuitant will automatically become the annuitant and the contract will continue with no death benefit payable at that time. You may remove a previously appointed successor annuitant at any time.

On the death of the annuitant:

1) a reset of the death benefit guarantee is performed if the successor annuitant is less than 80 years of age (see Section 7.10 Death Benefit Guarantee Resets);
2) an income base reset is performed (see Section 6.6 Income Base Reset);
3) a bonus base reset is performed (see Section 6.5 Income Base Bonus);
4) the LWA is changed immediately following (2) above to equal the single tiered LWA percentage based on the successor annuitant's age as of December 31st of the current calendar year. This may result in the LWA increasing or decreasing or being set to equal $0.
5) if the successor annuitant is younger than 55 as of December 31st of the current calendar year, the successor annuitant's LWA is set to equal $0 for the remainder of the current calendar year and any withdrawal made following the death of the annuitant will be considered an excess withdrawal;
6) if the successor annuitant is 55 or older as of December 31st of the current calendar year, cumulative withdrawals up to the greater of the annuitant's LWA and the successor annuitant's LWA will be available for the current calendar year without being considered excess withdrawals. The cumulative withdrawals include any withdrawals for the current calendar year received prior to the death of the annuitant.

The maturity date will not change.

The process as outlined above will apply even if the contract is in the guaranteed payment phase (see Section 6.10 Guaranteed Payment Phase).

Example - Successor annuitant takes over contract on death of annuitant

John, the annuitant, is 70 as of December 31st 2015. He deposits $100,000 and begins to take withdrawals of the LWA immediately. Mary, his wife and successor annuitant, is 65 as of December 31st 2015.

Date	Transaction	Amount	Market Value of Fund Class Units after Transaction	Income Base after Transaction	Current LWA	Withdrawals for Calendar Year	Death Benefit Guarantee**
May 01-2015	Initial Deposit	$100,000	$100,000	$100,000	$4,250 (4.25% of $100,000)	$0	$75,000
Sep 30-2015	Withdrawal	$4,250	$95,900	$95,750	$4,250 (4.25% of $100,000)	$4,250	$71,817
Dec 31-2015	Year end		$96,100	$95,750	$4,250 (4.25% of $100,000)	$4,250	$71,817
Sep 30-2016	Withdrawal	$3,000	$99,000	$92,750	$4,250 (4.25% of $100,000)	$3,000	$69,705
Nov 21-2016	Annuitant dies		$101,472	$92,750	$4,250 (4.25% of $100,000)	$3,000	$69,705
Nov 21-2016	Successor annuitant becomes annuitant – reset occurs		$101,472	$101,472 (greater of income base and market value)	$4,059 (4% of $101,472)	$3,000	$76,104

** The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

*** Death benefit guarantees are reduced proportionately for any withdrawals (see Section 7.12 Withdrawals and the Guarantees).*

After John passes away, Mary is able to withdraw an additional $1,250 for 2016 without exceeding the LWA of $4,250 established on December 31, 2015.

The LWA established on November 21, 2016 is $4,059 for 2016 provided that no excess withdrawals are made. At December 31, 2016 regular LWA recalculation will occur.

If, in the above example, Mary was younger than 55 years old as of December 31, 2015, the LWA would be set to $0 on November 21, 2016 for the remainder of 2016. Any additional withdrawals in 2016 after November 21, 2016 would be considered excess withdrawals.

7.11.2 Registered Contracts

Joint or successor owners cannot be appointed on contracts that are RRSPs.

If your contract is a RRIF and you have appointed a person who is your spouse or common-law partner at the time of your death as successor annuitant, that person will automatically become the annuitant and contract owner on your death. The retirement income payments will continue to your spouse or common-law partner. The contract will continue, payments will continue to be made with no death benefit payable at that time.

7.11.3 TFSA

If your contract is a TFSA, you may appoint your spouse or common-law partner as successor owner (subrogated policyholder in Quebec). You may not appoint a joint owner. On your death, your spouse or common-law partner will automatically become the annuitant and contract owner. The contract will continue with no death benefit payable at that time.

7.12 Withdrawals and the Guarantees

Whenever the term **"reduced proportionately"** is used throughout the folder and contract provisions it means we will calculate a proportionate reduction based on the market value of the fund class units at the credit of your contract at the time of the transaction.

Example: Your deposit of $16,000 is applied towards the purchase of fund class units. The current market value of those fund class units is $20,000. The death benefit guarantee prior to the withdrawal is $12,000 and the maturity benefit guarantee is $12,000. You make a withdrawal of $2,000.

The proportional reduction to the guarantees is as follows:

Maturity benefit guarantee:	$12,000
Death benefit guarantee:	$12,000
Market value of fund class units:	$20,000
Reduction in maturity benefit guarantee:	- $1,200 ($12,000 X ($2,000/$20,000))
Reduction in death benefit guarantee:	- $1,200 ($12,000 X ($2,000/$20,000))
New maturity benefit guarantee:	$10,800 ($12,000 - $1,200)
New death benefit guarantee:	$10,800 ($12,000 - $1,200)

8. FEES AND CHARGES

8.1 General Information

Depending on the purchase fee option you have selected you may have to pay a sales charge at the time you make a deposit or pay a withdrawal fee at the time you make a withdrawal.

We currently offer a front-end load option (**"FE option"**), the deferred sales charge option (**"DSC option"**) and the low-load option (**"LL option"**). You can choose to make deposits using both the FE option and the DSC option within the same contract. No other purchase fee option combinations are allowed.

The fee you pay for the maturity and death benefit guarantees is included in the management expense ratio of the funds you have selected.

The fee you pay for the GWB is paid from the contract, through the withdrawal of fund class units (see Section 8.3 Class Plus Fee).

8.2 Purchase Fee Options

8.2.1 FE Option

If you select the FE option, a sales charge of between 0% and 5% of your deposit is deducted at the time your deposit is made. The sales charge is negotiated between you and your advisor. The sales charge is deducted from the amount of your deposit and the net amount is then applied towards the purchase of fund class units as selected by you. We will pay a commission equivalent to the sales charge to your advisor.

The deposit amount (before the sales charge is deducted) is used for determining the maturity and death benefit guarantees and the income base for the GWB. By selecting the FE option, no withdrawal fees will apply in the event that you wish to withdraw the market value of some or all of the fund class units at the credit of your contract.

8.2.2 DSC and LL Options

If you select the DSC or LL option, the entire amount of your deposit is applied towards the purchase of fund class units. A withdrawal fee may be deducted if you withdraw some or all of the market value of the fund class units at the credit of your contract before the end of the withdrawal fee schedule as shown below.

We will pay a commission to your advisor whenever a deposit is applied towards the purchase of fund class units.

The withdrawal fee is calculated as a percentage of the original purchase price of the fund class units. For purposes of withdrawal fees, years will always be measured from the original date of a deposit. When you request a withdrawal of some or all of the market value of fund class units, the deposits to the respective fund that have been at the credit of your contract the longest are used for the purpose of calculating the withdrawal fees. Withdrawal fees will only apply to withdrawals that exceed the free withdrawal limit as specified in Section 5.3.

For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

Withdrawal fee schedule

Number of Complete Years from Date of Deposit	DSC Option	LL Option
Less than 1 year	5.5%	3.0%
1 year	5.0%	2.5%
2 years	5.0%	2.0%
3 years	4.0%	0.0%
4 years	4.0%	0.0%
5 years	3.0%	0.0%
6 years	2.0%	0.0%
7 years or more	0.0%	0.0%

Example of the DSC Option. This example does not take the free withdrawal limit into account.

Date	Transaction	Amount	Fund Class Unit Value	Number of Fund Class Units Acquired or (Cancelled)	Withdrawal Fee
May 01-2015	Initial Deposit	$10,000	$100.00	100	n/a
May 01-2017	Deposit	$15,000	$100.00	150	n/a
Sep 30-2019	Withdrawal	$22,500	$150.00	(150)	$650 (100 X $100 X 4% + 50 X $100 X 5%)*

*All 100 units from the original deposit are cancelled. The remaining 50 units cancelled are from the second deposit.

8.3 Class Plus Fee

The fee you pay for the GWB, the **"Class Plus fee"**, is an insurance fee that is paid from the contract.

Based on tax rules in effect at the date this folder was prepared, the Class Plus fee is not subject to the Goods and Services Tax (**"GST"**) or the Harmonized Sales Tax (**"HST"**).

Withdrawals to pay the Class Plus fee will not reduce the maturity and death benefit guarantees or the income base. Additionally, this withdrawal will not be included in determining if excess withdrawals have occurred during the calendar year (see Section 6.8 Excess Withdrawals).

Withdrawals will not be made to pay the Class Plus fee during the guaranteed payment phase.

We reserve the right, without prior notice to you, to change how the Class Plus fee is calculated, the factors involved in the calculation, and the frequency of the collection of the Class Plus fee at any time, in accordance with our rules.

8.3.1 Annual Fund Fee Rate

Each fund has an annual fund fee rate that is used in determining the Class Plus fee.

The annual fund fee rate for each fund currently available is shown in the following chart:

Fund	Annual Fund Fee Rate
Empire Life Money Market GIF	0.75%
Empire Life Bond GIF	0.75%
Empire Life Income GIF	1.15%
Empire Life Balanced GIF	1.40%
Empire Life Monthly Income GIF	1.40%
Empire Life Dividend Balanced GIF	1.50%
Empire Life Elite Balanced GIF	1.50%
Empire Life Global Balanced GIF	1.50%
Empire Life Asset Allocation Fund GIF	1.50%
Empire Life Emblem Diversified Income Portfolio GIF	1.15%
Empire Life Emblem Conservative Portfolio GIF	1.15%
Empire Life Emblem Balanced Portfolio GIF	1.40%
Empire Life Emblem Moderate Growth Portfolio GIF	1.50%
Empire Life Emblem Growth Portfolio GIF	1.50%

We reserve the right, without prior notice to you, to change the annual fund fee rate, in accordance with our rules. An increase of more than the greater of 50 basis points and 50% of the current annual fund fee rate, is considered a fundamental change (see Section 11.14 Fundamental Changes).

8.3.2 Calculation of the Class Plus Fee

The amount of the Class Plus fee is determined by the following factors:

1) the annual fund fee rate for each fund held in the contract;
2) the income base at the end of each month;
3) the proportional market value of the fund in relation to the other funds held in the contract.

The monthly Class Plus fee is calculated based on the following formula:

F = I x ((M x R)/12)

Where:

F = Class Plus fee collected on the last valuation date of the month

I = Income base on the last valuation date of the month (after all transactions have been processed)

M = Proportional weighting of the market value of the fund class units relative to the market value of the contract on the last valuation date of the month

R = Annual fund fee rate for the applicable fund

Example of the Class Plus fee calculation:

Assumptions:

Income base = $100,000

Market value of the contract = $110,000* with

Fund 1 = $55,000*

Fund 2 = $35,000*

Fund 3 = $20,000*

Annual fund fee rates

Fund 1 = 0.75%

Fund 2 = 1.15%

Fund 3 = 1.50%

The Class Plus fee calculation is as follows:

Fund	Proportional Market Value of Fund (M) Relative to the Contract	Annual Fund Fee Rate (R)	(M x R)/12	Income Base (I)	Class Plus Fee (F)
Fund 1	$55,000($55,000/$110,000) = 0.5000	0.75%	(0.5000 x 0.75%)/12 = 0.000313	$100,000	$31.25
Fund 2	$35,000($35,000/$110,000) = 0.3182	1.15%	(0.3182 x 1.15%)/12 = 0.000305	$100,000	$30.49
Fund 3	$20,000($20,000/$110,000) = 0.1818	1.50%	(0.1818 x 1.50%)/12 = 0.000227	$100,000	$22.73
Class Plus fee to be collected on the last valuation date of that month					$84.47

** The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.*

8.3.3 Collection of the Class Plus Fee

The Class Plus fee is paid through a withdrawal of fund class units. The amount to be withdrawn from each fund will be determined in accordance with the formula outlined in 8.3.2 Calculation of the Class Plus Fee. The withdrawal will be processed on the last valuation date of each month, after all transactions have been processed, but before any LWA recalculations, if applicable, occur.

8.4 Excessive Short-Term Trading Fee

Excessive short-term trading is the frequent purchase, switch or withdrawal of fund class units. As segregated funds are considered long-term investments we discourage investors from excessive trading because it generates significant costs for a fund. This can reduce a fund's overall rate of return, which impacts all contract owners. As a result, in addition to any other fees and charges that may apply, we will deduct up to 2% of the transaction amount under the following conditions:

1) you request that a deposit or a switch be applied towards the purchase of fund class units of a fund within 90 days of withdrawing fund class units from the same fund;
2) you request a withdrawal of some or all of the market value of the fund class units from a fund within 90 days of acquiring them; or
3) you request a switch within 90 days of the most recent switch.

The fee is paid to the associated fund to help offset the costs of excessive short-term trading. We also reserve the right to refuse to process the requested transaction under these same conditions. This additional fee will not apply to transactions that are not motivated by short-term trading considerations, such as:

1) scheduled withdrawals;
2) scheduled switches; or
3) other transactions in respect of which prior written approval has first been granted by our President, Secretary, or Chief Financial Officer.

8.5 Recovery of Expenses or Investment Losses

In addition to the fees described in this folder, we reserve the right to charge you for any expenses or investment losses incurred by us as a result of an error made by you, your advisor or a third party acting on your behalf.

8.6 Management Fees

All contract owners indirectly incur the costs associated with the management and operation of the segregated funds. These costs include the management fees and operating expenses which are incorporated into the MER (see Section 11.7.3 MER).

8.7 Empire for Life™ Loyalty Program

As a Class Plus 2.1 contract owner you may be eligible for our "Empire for Life" Loyalty Program (**"the program"**). The program recognizes individual investor loyalty by offering a management fee credit (**"MFC"**) to an investor who has invested for a continuous period of 10 years in certain Empire Life contracts and/or any Empire Life mutual funds offered by Empire Life Investments Inc. The Empire Life contracts currently included in the program are:

1) Empire Life Guaranteed Investment Funds 100/100;
2) Empire Life Guaranteed Investment Funds 75/100;
3) Empire Class Segregated Funds;
4) Class Plus 2;
5) Class Plus 2.1;
6) Elite Investment Program; and
7) Elite XL Investment Program.

Any period of investment prior to the start date of January 9, 2012 will not qualify for the program.

Once you have qualified for the program, and providing you continue to be invested, any subsequent investments in the eligible contracts or mutual funds will automatically qualify for the MFC under the same terms and conditions as for existing units.

The MFC is equal to 5% of the annual management fee of the funds whose fund class units are attributed to your contract following the qualification period. The MFC is used to purchase additional fund class units and is allocated proportionately based on the market value of each fund that you are invested in on December 31st of each year.

If December 31st is not a valuation date, the last valuation date in the year will be used. The MFC is paid from the general funds of the company.

If your contract is a TFSA, the MFC will not be a taxable benefit. If your contract is non-registered, the MFC is a taxable benefit and is reported to you for income tax purposes on your T-3 information slip. If your contract is registered, the MFC is non-taxable when paid into your registered contract. However, it is taxable at the time of withdrawal.

We reserve the right to, at any time and without prior notice to you, change or cancel the program, the list of contracts included in the program, conditions for eligibility and the calculation of the MFC.

9. TAXATION

9.1 General Information

This section outlines general tax information as it applies to your contract. It applies to Canadian residents and generally describes current Canadian federal income tax considerations.

The taxation of the benefits associated with the GWB is not certain at this time.

Not all possible tax considerations that may be relevant to your situation are covered. You are responsible for the proper reporting and remittance of all taxes including any tax liability resulting from any change in law, interpretation or Canada Revenue Agency (**"CRA"**) policies, practices or procedures. We recommend that you consult your personal tax advisor(s) about your individual circumstances.

9.2 Non-Registered Contracts

You are taxed each year on the investment income (interest, dividends, and capital gains) of the fund class units at the credit of your contract. Each segregated fund will allocate its income and realized capital gains and losses to contract owners each year so that no income tax is payable by a fund. Each fund will allocate the income and realized capital gains and losses proportionally by fund class units to all contract owners at various points in time during the year and not in proportion to the length of time the contract owner has held units in a fund during a calendar year. All income allocated to you will be reported to you and to the CRA on a T-3 information slip. A copy of the T-3 information slip will be mailed to you and currently includes appropriate subdivisions for taxable investment income, capital gains, and other factors necessary for calculating your personal income tax.

If you make a withdrawal or a switch during the year your T-3 information slip will include any capital gain or loss resulting from the disposition or deemed disposition of fund class units to the extent that the proceeds of disposition for those fund class units exceeds (or is less than) the tax cost of those fund class units.

A top up payment is taxable to you when paid into your contract. We will report the top up payment based on our

understanding of the applicable tax legislation at the time the top up payment is payable.

The Class Plus fee is an expense to you. We recommend that you contact your tax advisor regarding the tax deductibility of this fee. The withdrawal of fund class units to pay the Class Plus fee will result in a taxable disposition and will create capital gains or capital losses that are reported to you.

The taxation of any payments made during the guaranteed payment phase is not certain at this time.

We will report any payments during the guaranteed payment phase based on our understanding of tax legislation and CRA assessing practices at that time.

9.3 Registered Contracts

Income can accumulate in a registered contract on a tax deferred basis. Switches within your registered contract or transfers from one registered contract to another registered contract are non-taxable.

A top up payment is non-taxable when paid into your registered contract. The top up payment is taxable at the time of withdrawal.

The amount of any payments made during the guaranteed payment phase is taxable to you when withdrawn from the contract.

At this time, the Class Plus fee is considered an expense of the registered contract that pays for the contractual benefits of Class Plus 2.1. The withdrawal of fund class units to pay the Class Plus fee will not be subject to withholding taxes and will not be reported as income to you.

9.3.1 RRSPs

You can deduct the deposits that you make to your RRSP from your taxable income, up to the maximum amount allowed under the Income Tax Act.

If you make a withdrawal in cash from your RRSP, you must pay withholding tax on the amount withdrawn.

Any death benefit payable is taxable to you in the year of death unless:

1) your spouse or common-law partner is appointed as beneficiary in which case the death benefit would be taxable to your spouse or common-law partner; or
2) your child or grandchild is appointed as beneficiary in which case the death benefit may qualify as a designated benefit under the Income Tax Act.

9.3.2 RRIFs

Retirement income payments and unscheduled withdrawals from your RRIF must be included in your income for the year the payments are made.

We are required to withhold tax at the government prescribed rates from any retirement income payments and unscheduled withdrawals that exceed the RRIF minimum retirement income amount required to be withdrawn for that calendar year. You may also elect to have tax withheld at a specified rate provided the rate is equal to or greater than the government prescribed rates.

Retirement income payments that continue to your spouse or common-law partner as successor annuitant are taxable income to your spouse or common-law partner as received.

9.4 TFSAs

Deposits to a TFSA cannot be deducted from your taxable income. Deposits cannot exceed the amount allowed under the Income Tax Act. Investment income (interest, dividends, and capital gains) earned within a TFSA and any applicable top up payments are not taxable to you while in a TFSA or when you make a withdrawal.

10. VALUATION

10.1 Market Value of Fund Class Units

The market value of fund class units at the credit of your contract for a fund on any date is equal to:

1) the fund class units for that fund at the credit of your contract; multiplied by
2) the fund class unit value for that fund on the valuation date coincident with or next following the date of determination.

10.2 Market Value of your Contract

The market value of your contract on any date is the sum of:

1) the market value of all fund class units at the credit of your contract; and
2) any deposit that we have received, less any applicable sales charges, which has not yet been applied to purchase fund class units.

10.3 Valuation Date and Fund Class Unit Values

On each valuation date fund class unit values are calculated for each fund. The fund class unit values are effective for all transactions involving the acquisition or cancellation of fund class units of each fund since the last valuation date of the respective fund.

Deposits and requests for switches and withdrawals received prior to the cut-off time will receive the fund class unit value as determined by us on that valuation date. Deposits and requests for switches and withdrawals received after the cut-off time will receive the fund class unit value as determined by us on the next valuation date.

A fund class unit value is calculated by dividing the fund class proportionate share of the market value of the net assets of the fund attributable to all fund classes less operating expenses and management fees including taxes attributable solely to a fund class, by the number of fund class units of the fund outstanding on the valuation date.

The assets of a fund are valued to the extent possible at closing market prices on a nationally recognized stock exchange by financial pricing service companies, and in other cases, fair market value as determined by Empire Life. This valuation method is subject to change should a change in the Canadian Life and Health Insurance Association Guideline G2: Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds (together the **"Guidelines"**) occur. Segregated fund financial statements require valuation of the fund for financial statement purposes to be in accordance with International Financial Reporting Standards (**"IFRS"**). Any difference between the above valuation methodology and IFRS would be disclosed in the notes to the financial statements. We reserve the right to defer the valuation of a fund and calculation of a fund class unit value for a fund for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine a fund class unit value. Such deferral would not trigger a fundamental change (see Section 11.14 Fundamental Changes).

11. SEGREGATED FUNDS

11.1 Investment Management

Empire Life has retained Empire Life Investments Inc. as discretionary investment manager and advisor to its segregated funds. Empire Life Investments Inc. is responsible for managing the investments of the funds, including all research and financial analysis, investment decisions, the purchase and sale of securities and related brokerage arrangements. In providing these services Empire Life Investments Inc. will follow the investment guidelines, objectives, standards and strategies as established by the Investment Committee of the Board of Directors of Empire Life.

The Chief Investment Officer for Empire Life Investments Inc. reports quarterly to the Board of Directors for Empire Life, at which time the investment strategy and performance of the funds is reviewed. Empire Life Investments Inc. is a wholly owned subsidiary of Empire Life.

We reserve the right to change the investment manager for a fund without advance notice to you.

11.2 Segregated Funds Offered

We currently offer the following segregated funds under the terms of the Class Plus 2.1 contract (fund class Q).

Fund
Empire Life Money Market GIF*
Empire Life Bond GIF*
Empire Life Income GIF*
Empire Life Balanced GIF*
Empire Life Monthly Income GIF
Empire Life Dividend Balanced GIF*
Empire Life Elite Balanced GIF*
Empire Life Global Balanced GIF*
Empire Life Asset Allocation GIF*
Empire Life Emblem Diversified Income Portfolio GIF
Empire Life Emblem Conservative Portfolio GIF
Empire Life Emblem Balanced Portfolio GIF
Empire Life Emblem Moderate Growth Portfolio GIF
Empire Life Emblem Growth Portfolio GIF

*This is the marketing name for the fund. The legal name excludes "Empire Life" and "GIF" and includes "Fund" at the end of its name.

The fund facts, which form part of the folder, describe the key features of the segregated funds available under this contract. Fund facts are available on our website at www.empire.ca or on request by contacting our head office.

A complete copy of the current investment objectives, policies, restrictions and practices adopted by each fund is available on request at any time by contacting our head office.

11.3 Changes to Funds and Fund Classes

We reserve the right, at any time, at our discretion, and without advance notice to you, to:

1) change the funds available under your contract;
2) discontinue offering any fund or fund class;
3) limit or restrict deposits to any fund or fund class; and
4) change any limit or restriction.

We may also add new funds and/or fund classes to your contract at any time. You may, by providing notice to us and in accordance with our rules, direct your deposits to the new fund(s) or fund class(es). All terms and conditions as provided for under the terms of your contract will also apply to any new fund(s) or fund class(es).

11.4 Deleting Funds and Fund Classes

We reserve the right to delete funds or fund classes. In the event that a fund or fund class is deleted you may, subject to any regulatory requirements that apply, select one of the following options:

1) transfer the value of the fund class units held in the deleted fund or fund class to acquire fund class units in any other fund or fund class offered under the contract at that time as described in Section 4, Switches; or
2) withdraw and transfer the value of the fund class units held in the deleted fund or fund class to any other annuity contract offered by us at that time; or
3) withdraw the fund class units held in the deleted fund or fund class as described in Section 5, Withdrawals.

No fees or charges are applied for a transfer or withdrawal of fund class units held in a fund or fund class to be deleted.

We will provide notice to you at least 60 days prior to the deletion date of a fund or fund class. Switches or deposits into the fund or fund class being deleted may not be permitted during the notice period. If you do not provide us with written notification of the option you have selected at least five business days prior to the deletion date of a fund or fund class, we will automatically apply option (1) described above and transfer the value to one of the remaining funds and fund classes available under the contract. We will then select the fund and the fund class to which the value of the fund class units held in the deleted fund or fund class is tranferred.

For the purpose of determining the value of the fund class units to be transferred or withdrawn from a fund or fund class that is to be deleted and, if applicable, the acquisition of fund class units in another fund or fund class under the terms of the contract, the effective date will be the first to occur of:

1) within three business days of receipt of your notice to us of the option selected; and
2) the deletion date of the fund or fund class.

11.5 Splitting of Fund Class Units

We may, at any time, elect to redetermine the number of fund class units in a fund. Any such redetermination will be accompanied by a revaluation of fund class units. The market value of fund class units at the credit of your contract in the respective fund as at the date of the redetermination will remain the same before and after such redetermination.

11.6 Merger of Funds

We may, at any time, elect to merge a fund with another one or more of our funds. We will provide notice to you at least 60 days prior to the merger and of the options available to you as a result of the merger.

11.7 Fees and Expenses Paid by the Funds

Each fund pays fees and expenses related to the operation of that fund. These fees and expenses include but are not limited to management fees and operational expenses. Each fund class pays its proportionate share of the fees and expenses of the fund. The company may choose to waive a portion of the management and other fees that could be charged to a fund. This is disclosed annually in the audited financial statements.

Any segregated fund that invests in a secondary fund will not incur any additional management fees, sales charges or operational expenses for holding units of the secondary fund. Each segregated fund carries its own annual management fee. The segregated fund will purchase units in the secondary fund(s) at a net asset value that has been adjusted to exclude all fees, charges and expenses. No additional fees or expenses beyond those described throughout this section will be incurred by the segregated fund.

11.7.1 Management Fee

The annual management fee for each fund available is specified in the chart below. A management fee can only be changed after we have provided advance notice to you (see Section 11.14 – Fundamental Changes).

The management fee covers the charges related to professional investment management and the administration of a fund.

The management fee is subject to applicable taxes (e.g. the GST or in some jurisdictions, the HST). Management fees are calculated and accrued on a daily basis and paid to Empire Life on the next business day. The management fee for each fund in a fund class is calculated as a percentage of the fund's net asset value attributable to that fund class, which in turn reduces the fund class unit value.

Annual Management Fees (excluding applicable taxes)

Fund	Annual Management Fee
Empire Life Money Market GIF	1.00%
Empire Life Bond GIF	1.80%
Empire Life Income GIF	2.05%
Empire Life Balanced GIF	2.10%
Empire Life Monthly Income GIF	2.10%
Empire Life Dividend Balanced GIF	2.20%
Empire Life Elite Balanced GIF	2.20%
Empire Life Global Balanced GIF	2.20%
Empire Life Asset Allocation GIF	2.20%
Empire Life Emblem Diversified Income Portfolio GIF	2.05%
Empire Life Emblem Conservative Portfolio GIF	2.05%
Empire Life Emblem Balanced Portfolio GIF	2.10%
Empire Life Emblem Moderate Growth Portfolio GIF	2.15%
Empire Life Emblem Growth Portfolio GIF	2.20%

11.7.2 Operational Expenses

Operational expenses are the fees and charges necessary for a fund to operate. These fees and charges include: legal fees, audit fees, custodial and safekeeping fees and charges, bank service and interest charges, applicable taxes, costs related to regulatory compliance including preparing and distributing financial reports and statements, folders and contract owner communications. Operational expenses will vary from year to year and from fund to fund. Operational expenses are accrued on a daily basis and paid to Empire Life monthly.

11.7.3 MER

The MER for each fund in a fund class is outlined in the fund fact statement.

The MER includes the management fee and operational expenses. The MER is paid by the fund class before the fund class unit value is calculated. The MER for each fund in a fund class is expressed as a percentage of the fund's average daily net asset value attributable to that fund class.

The expenses included in the MER for a fund in a fund class will vary, which will result in a different MER each year. The MER for a segregated fund that invests in a secondary fund will include the MER of the secondary fund. The MER for a fund is disclosed annually in the audited financial statements.

11.8 Application of Earnings

All earnings of a fund are retained in that fund and used to increase the market value of the fund class units. Earnings may include but are not limited to interest, capital gains, dividends, and distributions. Reinvestment of earnings is required by the terms of our individual variable insurance contracts.

11.9 Investment Policies and Restrictions

The fund classes have been established to provide benefits, which will vary in amount depending on the market value of the assets of each fund and the fund class units of that fund at the credit of your contract. Each fund has a fundamental investment objective, which determines the investment policies and restrictions for the fund. The fundamental investment objective of a fund can only be changed after we have provided advance notice to you (see Section 11.14 - Fundamental Changes). The investment policies and restrictions may change from time to time, and we will provide notice to you of any material change. The fundamental investment objectives and strategies for each fund are outlined in the fund fact statement and in Section 13 of the folder.

11.10 Interest of Management and Others in Material Transactions

No director, officer, associate or affiliate of Empire Life has had any material interest, direct or indirect, in any transactions, or in any proposed transactions within three years prior to the date of filing of this folder, that would or will materially affect Empire Life with respect to the funds.

11.11 Material Contracts and Facts

There have been no contracts entered into in the ordinary and normal course of business that can be reasonably regarded as material to contract owners. There are no other material facts relating to the investment policies that have not been disclosed in the folder.

11.12 Tax Status of the Funds

Empire Life is subject to income tax at regular corporate rates on its business profits. Excluded from taxation are the investment income and capital gains allocated to contract owners from any segregated fund established under section 451 of the Insurance Companies Act (Canada). The Empire Life funds are such segregated funds. The market value of fund class units at the credit of your contract will not be reduced by income tax on the income from funds invested in respect of your contract. All such income realized by the fund is deemed to be allocated out and taxable to the contract owners. However, the funds are subject to the GST/ HST on goods and services acquired by the funds and foreign withholding taxes on income derived from non-Canadian investments.

11.13 Auditor of the Funds

The financial statements for the segregated funds are provided on an audited basis in accordance with the requirements of the Guidelines.

To comply with this requirement, Empire Life has appointed PricewaterhouseCoopers LLP to act as independent auditor of the segregated funds. PricewaterhouseCoopers offices are located at Suite 3000, Royal Trust Tower, TD Centre, Toronto ON M5K 1G8.

11.14 Fundamental Changes

A fundamental change includes:

1) an increase in the management fee of a fund;
2) an increase in the management fee of a secondary fund that results in an increase in the management fee of the segregated fund;
3) a change in the fundamental investment objectives of a fund;
4) a decrease in the frequency that fund class units of a fund are valued; and
5) an increase in the Class Plus fee if the increase is higher than the maximum allowable (see Section 8.3 Class Plus Fee).

We will provide notice to you at least 60 days prior to making any fundamental change. The notice will outline what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to switch to a similar fund that is not subject to the fundamental change or to withdraw the market value of the fund class units at the credit of your contract in the affected fund. In this event, any applicable fees and charges will not apply provided your notice to us advising of the option that you have selected is received at least five days prior to the end of the notice period. You may also choose to remain in the affected fund. Switches to or deposits into the affected fund may not be permitted during the notice period.

11.15 Fund in Fund Investments

The segregated funds may invest in secondary funds in order to achieve their objectives. The secondary funds may include other segregated funds offered by us, or mutual funds managed by one of our affiliates, Empire Life Investments Inc.

We reserve the right to change any secondary fund.

The fundamental investment objective of a mutual fund cannot be changed unless approved by the securityholders of the mutual fund. If a change to the investment objectives of a mutual fund is approved by the securityholders of such mutual fund, we will give you notice of such change and approval.

If you invest in a segregated fund that invests in a secondary fund, you have purchased an insurance contract with segregated funds. You are not a unitholder of the secondary fund. You are not entitled to any ownership rights of the units of a secondary fund.

A copy of the investment policies, fund facts, simplified prospectus, annual information form, audited financial statements, or other disclosure documents for the secondary funds, as applicable, is available on request from our head office.

12. INVESTMENT DETAILS

12.1 General

While the investments of the funds are not currently subject to the provisions of the Insurance Companies Act, it is the practice of Empire Life to adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and to obtain the funds' fundamental investment objectives. Empire Life adheres to the Guidelines.

At present, Empire Life does not, nor does it intend to:

1) borrow money in excess of 5% of the market value of the assets of the fund in compliance with the Guidelines;
2) invest or hold more than 10% of the market value of the assets of the fund in the securities of any one corporate name (except for investments in bonds issued or guaranteed by the federal, provincial, municipal or territorial governments of Canada) nor own more than 10% of the market value of one corporate issue (excluding the exposure through index instruments);
3) engage in the purchase and sale of real estate;
4) make loans except for the purchase of debt securities, term deposits and money market securities;
5) transfer securities between the fund(s) and Empire Life;
6) invest in securities of companies for the purpose of exercising control or management;
7) shortsell or margin investments for the funds;
8) use derivatives for the purpose of leverage (leverage is the method by which a portfolio can take on additional risk by investing in the return of greater assets than the portfolio has cash to purchase those assets).

Any funds permitted to use equity instruments are permitted to use Income Trusts, Exchange Traded Funds (**"ETFs"**), puts, calls, swaps, futures, forwards and other derivatives. Any funds that use fixed income instruments are permitted to use derivatives such as options, futures, swaps and forwards to adjust the fund's duration, to gain exposure to income producing securities, and to hedge against changes in interest rates or currencies.

Purchases and sales of securities are made at various brokerage houses depending on value received. No artificial formula or method is used in allocating purchases. Factors considered include research information, transaction costs and efficiency of execution.

In addition to the investment policies outlined, such part of each segregated fund as Empire Life Investments Inc. deems advisable may be held in short-term investments or cash.

Empire Life Investments Inc. may modify the investment strategies for a segregated fund at any time within reasonable limits.

13. INVESTMENT POLICIES

13.1 General

The fund classes have been established to provide benefits, which will vary in amount depending upon the market value of the assets of each fund and the fund class units of that fund at the credit of your contract.

Each fund has a fundamental investment objective, which determines the investment strategies and restrictions for the fund. A fund can achieve its investment objectives by investing directly in securities or indirectly through the use of secondary fund(s). Please see the fund's fund facts document for details, and section 11.15 – Fund in Fund Investments.

The fundamental investment objective of a fund can only be changed after we have provided notice to you (see Section 11.14 – Fundamental Changes). The investment strategies and restrictions may change from time to time, and we will provide notice to you of any material change.

The following is a brief description of each fund available under the contract as at the date this folder was prepared. You may request a copy of the complete Statement of Investment Objectives and Policies adopted by each segregated fund at any time by contacting our head office. You may also request a copy of the secondary funds' investment policies, fund facts, simplified prospectus, annual information form, audited financial statements, or other disclosure documents, as applicable, from our head office.

EMPIRE LIFE MONEY MARKET GIF

Investment Objective

The fundamental investment objective of the Empire Life Money Market GIF is to achieve safety of capital and liquidity by investing in high quality short-term Canadian dollar denominated fixed-income securities issued and guaranteed by Canadian governments and corporations.

Principal Investment Strategies

In order to achieve its objective the fund will invest in short-term securities such as treasury bills and short-term debt issued and guaranteed by federal, provincial and municipal governments and their agencies. The fund may also invest in short-term notes issued by Canadian chartered banks, trust companies and other Canadian corporations, and floating rate notes issued by Canadian corporations.

Principal Risks

Interest rate movement risk and credit risk.

EMPIRE LIFE BOND GIF

Investment Objective

The fundamental investment objective of the Empire Life Bond GIF is stable long-term growth through a combination of a high level of interest income with preservation of capital achieved by investing in fixed-income securities issued and guaranteed by Canadian governments and corporations.

Principal Investment Strategies

In order to achieve its objective, the fund will invest in bonds issued and guaranteed by the Government of Canada, the provinces, municipalities, territories and foreign governments as well as bonds, debentures and investment grade notes issued by corporations. The fund may also invest in units of the Empire Life Money Market Fund GIF or directly in money market instruments such as commercial paper, banker's acceptances, mortgage-backed securities and guaranteed investment certificates. The fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, and large investor risk.

EMPIRE LIFE INCOME GIF

Investment Objective

The fundamental investment objective of the Empire Life Income GIF is to earn a high level of interest income and modest capital gains, primarily through investments in investment grade Canadian corporate bonds.

Principal Investment Strategies

In order to achieve its objective the fund will invest primarily in investment grade bonds, debentures and notes issued by corporations, the Government of Canada, Canadian provinces, territories and municipalities, and foreign governments. The fund will also have some exposure to high quality dividend paying Canadian stocks, convertible debentures and/or income trusts. The fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life segregated funds and ETFs. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, trust investment risk, special equities risk and ETF risk.

EMPIRE LIFE BALANCED GIF

Investment Objective

The fundamental investment objective of the Empire Life Balanced GIF is stable long-term growth by balancing the objectives of capital appreciation and preservation of capital achieved by investing in a strategic mix of money market instruments, fixed income investments, and equity investments.

Principal Investment Strategies

In order to achieve its objective the fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified strategic mix of primarily Canadian equity and fixed income securities. The fund may acquire securities directly or hold units of other Empire Life segregated funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, trust investment risk, special equities risk and ETF risk.

EMPIRE LIFE MONTHLY INCOME GIF

Investment Objective

The fundamental investment objective of the Empire Life Monthly Income GIF is to earn a consistent level of income by investing primarily in a balance of income-oriented Canadian equity and fixed income securities.

Principal Investment Strategies

In order to achieve its objective the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests in assets primarily in the Empire Life Monthly Income Mutual Fund (the secondary fund).

The investment objective of the secondary fund is to provide a consistent level of income by investing primarily in a balance of income-oriented Canadian equity and fixed income securities.

The investment strategies of the secondary fund are to invest primarily in debt and income-oriented Canadian equity securities. The secondary fund may also invest in money market instruments. The secondary fund may also use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are business risk, credit risk, interest rate movement risk, asset-backed and mortgage-backed securities risk, capital depletion risk, cash deposit risk, convertible securities risk, foreign currency risk, general derivatives risk, emerging countries risk, ETF risk, floating rate note risk, foreign investment risk, fund in fund risk, trust investment risk, large investor risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, sovereign risk, special equities risk, and yield fluctuations risk.

EMPIRE LIFE DIVIDEND BALANCED GIF

Investment Objective

The fundamental investment objective of the Empire Life Dividend Balanced GIF is long-term growth through a balance of above average dividend income and moderate capital appreciation of equity investments in stocks of primarily Canadian companies, while still providing some income by investing in fixed income and money market instruments.

Principal Investment Strategies

In order to achieve its objective the fund may invest in units of investment funds including but not limited to: Empire Life segregated funds, ETFs, externally managed segregated and/or mutual funds, and other investments. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The target asset mix for the Dividend Balanced Fund is 80% equities and 20% fixed income. The fund will be monitored and re-balanced at the discretion of the investment manager consistent with the fund's investment objective and target asset mix.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, special equities risk, trust investment risk and ETF risk.

EMPIRE LIFE ELITE BALANCED GIF

Investment Objective

The fundamental investment objective of the Empire Life Elite Balanced GIF is long-term growth through a balance of capital appreciation of equity investments in mainly large market capitalization stocks of Canadian companies, while still providing some income by investing in fixed income and money market instruments.

Principal Investment Strategies

In order to achieve its objective the fund may invest in units of investment funds including but not limited to: Empire Life segregated funds, ETFs, externally managed segregated and/or mutual funds, and other investments. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The target asset mix for the fund is 80% equities and 20% fixed income. The fund will be monitored and re-balanced at the discretion of the investment manager consistent with the fund's investment objective and target asset mix.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, special equities risk, trust investment risk and ETF risk.

EMPIRE LIFE GLOBAL BALANCED GIF

Investment Objective

The fundamental investment objective of the Empire Life Global Balanced GIF is to achieve long-term growth by balancing the objectives of capital appreciation from global equity securities and generating income from global fixed income securities. The investment objective of the equity portion of the fund is to achieve long-term growth through capital appreciation by investing in a well diversified portfolio of large market capitalization stocks representing all of the major industries in countries around the world, including Canada and the U.S. The investment objective of the fixed income portion of the fund is to generate investment income from a high quality, fixed income portfolio diversified by currency, region and issuer.

Principal Investment Strategies

In order to achieve its objective, the fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified strategic mix of primarily global equity and fixed income securities. The fund may acquire securities directly or hold units of other Empire Life segregated funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, special equities risk, trust investment risk and ETF risk.

EMPIRE LIFE ASSET ALLOCATION GIF

Investment Objective

The fundamental investment objective of the Empire Life Asset Allocation GIF is long-term growth achieved by actively managing the asset mix of money market instruments, fixed income investments and equity investments in the fund according to current market and economic conditions.

Principal Investment Strategies

In order to achieve its objective the fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified mix of primarily Canadian equity and fixed income securities. The fund will also tactically shift its asset allocation to take advantage of investment opportunities. The fund may acquire securities directly or hold units of other Empire Life segregated funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. For a list of the Empire Life segregated funds in which the fund currently invests, if any, please refer to the fund's fund facts document. The fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk, business risk, market risk, sovereign risk, foreign currency risk, trust investment risk, special equities risk and ETF risk.

EMPIRE LIFE EMBLEM DIVERSIFIED INCOME PORTFOLIO GIF

Investment Objective

The fundamental investment objective of the Empire Life Emblem Diversified Income Portfolio GIF is to aim to earn current income and some long term capital growth by investing in a broadly diversified mix of fixed income and equity securities.

Principal Investment Strategies

In order to achieve its objective, the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Emblem Diversified Income Portfolio mutual fund (the secondary fund).

The investment objective of the secondary fund is to aim to provide current income and some long term capital growth by investing in a broadly diversified mix of fixed income and equity securities.

The investment strategies of the secondary fund are to invest in a mix of equity and fixed income securities. Currently, the target asset mix of the secondary fund is 80% in fixed income securities and 20% in equity securities. The secondary fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the secondary fund's investment objective and target asset mix. The secondary fund may use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are interest rate movement risk, business risk, credit risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk, capital depletion risk, asset-backed and mortgage-backed securities risk, bank loans and loan participations risk, cash deposit risk, convertible securities risk, emerging countries risk, floating rate note risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, yield fluctuations risk.

EMPIRE LIFE EMBLEM CONSERVATIVE PORTFOLIO GIF

Investment Objective

The fundamental investment objective of the Empire Life Emblem Conservative Portfolio GIF is to aim to provide stable long-term capital growth and earn income by investing primarily in a broadly diversified mix of Canadian fixed income and equity securities.

Principal Investment Strategies

In order to achieve its objective, the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Emblem Conservative Portfolio mutual fund (the secondary fund).

The investment objective of the secondary fund is to aim to provide stable long-term capital growth with income by investing primarily in a broadly diversified mix of Canadian fixed income and equity securities.

The investment strategies of the secondary fund are to invest in a mix of equity and fixed income securities. Currently, the target asset mix of the secondary fund is 65% in fixed income securities and 35% in equity securities. The secondary fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the secondary fund's investment objective and target asset mix. The secondary fund may use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are interest rate movement risk, business risk, credit risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk, asset-backed and mortgage-backed securities risk, bank loans and loan participations risk, cash deposit risk, convertible securities risk, floating rate note risk, emerging countries risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, and yield fluctuations risk.

EMPIRE LIFE EMBLEM BALANCED PORTFOLIO GIF

Investment Objective

The fundamental investment objective of the Empire Life Emblem Balanced Portfolio GIF is to aim to provide a balance between earning a high level of income and long-term capital growth by investing primarily in a broadly diversified mix of Canadian fixed income and equity securities.

Principal Investment Strategies

In order to achieve its objective, the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Emblem Balanced Portfolio mutual fund (the secondary fund).

The investment objective of the secondary fund is to aim to provide a balance between a high level of income and long-term capital growth by investing primarily in a broadly diversified mix of Canadian fixed income and equity securities.

The investment strategies of the secondary fund are to invest in a mix of equity and fixed income securities. Currently, the target asset mix of the secondary fund is 50% in equity securities and 50% in fixed income securities. The secondary fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the secondary fund's investment objective and target asset mix. The secondary fund may use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are interest rate movement risk, business risk, credit risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk, asset-backed and mortgage-backed securities risk, bank loans and loan participations risk, cash deposit risk, convertible securities risk, floating rate note risk, emerging countries risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, and yield fluctuations risk.

EMPIRE LIFE EMBLEM MODERATE GROWTH PORTFOLIO GIF

Investment Objective

The fundamental investment objective of the Empire Life Emblem Moderate Growth Portfolio GIF is to aim to provide long-term capital growth and earn income by investing primarily in a broadly diversified mix of Canadian equity and fixed income securities.

Principal Investment Strategies

In order to achieve its objective, the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Emblem Moderate Growth Portfolio mutual fund (the secondary fund).

The investment objective of the secondary fund is to aim to provide long-term capital growth and income by investing primarily in a broadly diversified mix of Canadian equity and fixed income securities.

The investment strategies of the secondary fund are to invest in a mix of equity and fixed income securities. Currently, the target asset mix of the secondary fund is 65% in equity securities and 35% in fixed income securities. The secondary fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the secondary fund's investment objective and target asset mix. The secondary fund may use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are interest rate movement risk, business risk, credit risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk, asset-backed and mortgage-backed securities risk, bank loans and loan participations risk, cash deposit risk, convertible securities risk, floating rate note risk, emerging countries risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, and yield fluctuations risk.

EMPIRE LIFE EMBLEM GROWTH PORTFOLIO GIF

Investment Objective

The fundamental investment objective of the Empire Life Emblem Growth Portfolio GIF is to aim to provide long-term capital growth and earn limited income by investing primarily in a diversified mix of Canadian equity and fixed-income securities.

Principal Investment Strategies

In order to achieve its objective, the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Emblem Growth Portfolio mutual fund (the secondary fund).

The investment objective of the secondary fund is to aim to provide long-term capital growth with limited income by investing primarily in a diversified mix of Canadian equity and fixed-income securities.

The investment strategies of the secondary fund are to invest in a mix of equity and fixed income securities. Currently, the target asset mix of the secondary fund is 80% in equity securities and 20% in fixed income securities. The secondary fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the secondary fund's investment objective and target asset mix. The secondary fund may use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are interest rate movement risk, business risk, credit risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk, asset-backed and mortgage-backed securities risk, bank loans and loan participations risk, cash deposit risk, convertible securities risk, floating rate note risk, emerging countries risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, and yield fluctuations risk.

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14. POTENTIAL RISKS OF INVESTING

All investments carry some risks. The principal risks associated with the funds are highlighted below. To the extent that a fund invests in a secondary fund, the risks of investing in the fund are similar to the risks of investing in the secondary fund in which the fund invests.

Business Risk

Business risk refers to the risk associated with developments in the business underlying the companies whose stocks are held in the funds.

Credit Risk

Credit risk can cause the value of a debt security, such as a bond or other fixed income security, to decrease or increase. This risk includes:

- **default risk**: this is the risk that the issuer of the debt will not be able to pay interest, principal, or repay the debt when it becomes due. Generally, the higher the risk of default, the lower the value of the debt security and the higher the interest rate.
- **credit spread risk**: this is the risk that the credit spread will increase. (Credit spread is the difference in interest rates between the issuer's bond and a bond considered to have little credit risk, such as a treasury bill.) An increase in credit spread generally decreases the value of a debt security.
- **downgrade risk**: this is the risk that a specialized credit rating agency will reduce the credit rating of an issuer's securities. A downgrade in credit rating generally decreases the value of a debt security.
- **collateral risk**: this is the risk that it will be difficult to sell the assets the issuer has given as collateral for the debt or that the value of the assets may be less than any claim on them. This difficulty could cause a decrease in the value of a debt security.

ETF Risk

Most ETFs are mutual funds whose units are purchased and sold on a securities exchange. An ETF that is not "actively" managed generally represents a portfolio of securities designed to track a particular market segment or index. To the extent that an ETF tracks a particular market segment, such as real estate, the value of the ETF will fluctuate as the value of the particular market segment it tracks fluctuates. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange-traded) that has the same investment objectives, strategies and policies. In addition, an ETF may fail to accurately track the market segment or index that underlies its investment objective. ETFs that are not "actively" managed cannot sell a security even if the security's issuer was in financial trouble, unless the security is removed from the applicable index being replicated. As a result, the performance of an ETF may be higher or lower than the performance of an actively managed fund. The price of an ETF can fluctuate and a fund could lose money investing in an ETF. In addition, as with traditional funds, ETFs charge asset-based fees. Any fund that invests in ETFs will indirectly

pay a proportional share of the asset-based fees of such ETFs. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF's units trade at a premium or a discount to their NAV; (ii) an active trading market for an ETF's units may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

Foreign Currency Risk

Some of the funds may invest a portion of their investment portfolio in foreign securities; however, the assets and liabilities of each fund are valued in Canadian dollars. Fluctuations in the value of the Canadian dollar relative to the foreign currency will impact the market value of the fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a fund holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the Canadian dollar.

Fund in Fund Risk

If a principal fund invests in a secondary fund, the risks associated with investing in that secondary fund include the risks associated with the securities in which the secondary fund invests, along with the other risks of the secondary fund. Accordingly, a principal fund takes on the risk of any secondary fund and its respective securities in proportion to its investment in that secondary fund. If a secondary fund suspends redemptions, the principal fund that invests in the secondary fund may be unable to value part of its portfolio and may be unable to process redemption orders.

General Derivatives Risk

A derivative is an investment that bases its value on the value of an underlying asset, such as a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. They may put an investor in a position to make or lose money based on changes in the value of the underlying assets due to fluctuations in, for example, interest rates, securities prices or currency exchange rates. Here are some examples of derivatives:

- **options:** options give the holder the right to buy an asset from, or sell an asset to, another party for a set price, during a set period of time. Fluctuations in the value of the asset during the life of the option will impact the value of the option. The holder of an option has the option of exercising their right to buy or sell the asset, and the other party is obliged to satisfy this right. The other party generally receives a cash payment (a premium) for agreeing to provide the option.
- **forward contracts:** in a forward contract, an investor agrees to buy or sell an asset such as a security or currency at an agreed price on a specific date in the future.
- **futures contracts:** futures contracts generally function in a similar manner as forward contracts, but are traded on an exchange.
- **swaps:** with a swap agreement, two parties agree to exchange, or "swap," payments. The payments the two parties make are based on an agreed underlying amount, like a bond. Each party's payments are calculated differently. For example, one party's payments may be based on a floating interest rate, while the other party's payments may be based on a fixed interest rate.
- **debt like securities:** with a debt like security, the amount of principal or interest (or both) an investor receives goes up or down depending on whether there is an increase or decrease in the value of an agreed underlying security, such as a share.

There are a number of risks involved in the use of derivatives. Here are some of them:

- there is no guarantee that a fund will be able to buy or sell a derivative at the right time to make a profit or limit a loss;
- there is no guarantee that the other party in the contract (known as a "counterparty") will honour its obligations, which could result in a financial loss for the fund;
- if the value of a derivative is tied to the value of an underlying interest, there is no guarantee that the value of the derivative will at all times accurately reflect the value of the underlying interest;
- if the counterparty goes bankrupt, the fund could lose any deposits that were made as part of the contract;
- securities exchanges could set daily trading limits on options and futures contracts. This could prevent a fund from completing an options or futures deal, making it very difficult to hedge properly, make a profit or limit a loss; and
- if a fund is required to give a security interest in order to enter into a derivative, there is a risk that the other party may try to enforce the security interest against the fund's assets.

Funds can use derivatives to help offset losses that other investments might suffer because of changes in stock prices, commodity prices, interest rates or exchange rates. This is called hedging. While using derivatives for hedging has its benefits, it is not without its own risks. Here are some of them:

- there's no guarantee that a hedging strategy will always work;
- a derivative will not always offset a drop in the value of a security, even if it has usually worked out that way in the past;

- hedging does not prevent changes in the prices of the securities in a fund's portfolio, or prevent losses if the prices of the securities go down;
- hedging can also prevent a fund from making a gain if the value of the currency, stock, or bond goes up;
- currency hedging does not result in the impact of currency fluctuations being eliminated altogether;
- a fund might not be able to find a suitable counterparty to enable the fund to hedge against an expected change in a market; and
- hedging may be costly.

Interest Rate Movement Risk

Interest rates have an impact on a whole range of investments. When interest rates rise, fixed income securities such as treasury bills and bonds tend to fall in price. On the other hand, fixed income securities tend to rise in price when interest rates are falling. Longer term bonds and strip bonds are generally more sensitive to changes in interest rates than other kinds of securities.

The issuers of many kinds of fixed income securities can repay the principal before the security matures. This is called making a prepayment and it can happen when interest rates are falling. If a fixed income security is paid off sooner than expected, a fund may have to reinvest this money in securities that have lower rates. Also, if paid off unexpectedly, or faster than predicted, the fixed income security can offer less income and/or potential for capital gains. The value of debt securities that pay a variable (or "floating") rate of interest is generally less sensitive to interest rate changes.

Large Investor Risk

Large investors such as financial institutions may purchase or redeem large numbers of units of one or more of the segregated funds. The purchase or redemption of a substantial number of units of a fund may require the portfolio manager to significantly change the composition of a portfolio or force the portfolio manager to buy or sell investments at unfavourable prices. This may affect a fund's performance and could increase realized capital gains or losses for the fund.

Market Risk

Market risk refers to the risk associated with volatility in the stock market. Companies issue common shares and other kinds of equity securities to help pay for their operations and finance future growth. Equity securities can drop in price for many reasons. They are affected by general economic and market conditions, interest rates, political developments and changes within the companies that issue the securities. If investors have confidence in a company and believe it will grow, the price of its equity securities is likely to rise. If investor confidence falls, equity prices are likely to fall, too. The prices of equity securities can vary widely and funds that invest in equity securities are generally more volatile than funds that invest in fixed income securities.

Sovereign Risk

Some of the funds invest in securities issued by corporations in, or governments of, countries other than Canada. Investing in foreign securities can be beneficial in expanding your investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada;
- the legal systems of some foreign countries may not adequately protect investor rights;
- political, social or economic instability may affect the value of foreign securities;
- foreign governments may make significant changes to tax policies, which could affect the value of foreign securities; and
- foreign governments may impose currency exchange controls that prevent a fund from taking money out of the country

Special Equities Risk

Special equities risk refers to the risk of investing in smaller company securities. Securities of small companies can be riskier investments than securities of larger companies. Small companies are often relatively new and may not have a track record, extensive financial resources or a well established market for their securities. They generally do not have as many shares trading in the market, so it could be difficult for a fund to buy or sell small company stock if it needs to. As a result, the value of these shares and their liquidity can change significantly in a short period of time.

Trust Investment Risk

Income trusts usually hold debt or equity securities in, or are entitled to receive royalties from, an underlying business. Generally, income trusts fall into one of four sectors: business trusts, utility trusts, resource trusts and real estate investment trusts. The risks associated with income trusts will vary depending on the sector and the underlying assets. Similar to other equity securities, income trusts are also subject to general risks associated with business cycles, commodity prices, interest rates and other economic factors. These securities face the same risks as set out in the market risk section above. Typically, income trusts are more volatile than fixed-income securities and preferred shares. In situations where an income trust is unable to meet distribution targets, its value may decline significantly. Returns on income trusts are neither fixed nor guaranteed. In addition, where an income trust is not

able to satisfy claims against the trust, investors in the income trust, which include a fund that invests in the income trust, could be held responsible for such obligations. However, certain jurisdictions have enacted legislation to protect investors from some of this liability. To the extent that any of the funds invest in income trusts, such investments will be limited to those jurisdictions which have enacted such legislation.

14.1 Secondary Fund Risks

Asset Backed and Mortgage Backed Securities Risk

Certain secondary funds may invest in asset backed securities or mortgage back securities. Asset backed securities are debt obligations that are backed by pools of consumer or business loans. Mortgage backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. If there are changes in the market's perception of the issuers of these types of securities, in the creditworthiness of the underlying borrowers or in the assets backing the pools, then the value of the securities may be affected. In addition, the underlying loans may not be ultimately repaid in full, in some cases leading to holders of asset backed and mortgage backed securities not receiving full repayment.

Bank Loans and Loan Participations Risk

Certain secondary funds may invest in bank loans or loan participations. Bank loans are subject to the credit risk of non-payment of principal or interest. Substantial increases in interest rates may cause an increase in loan defaults. Although the loans may be fully collateralized at the time of acquisition, the collateral may decline in value, be relatively illiquid, or lose all or substantially all of its value subsequent to investment. Investments may be in second lien loans (secured loans with a claim on collateral subordinate to a senior lender's claim on such collateral) and unsecured loans. Holders' claims under unsecured loans are subordinated to claims of creditors holding secured indebtedness and possibly other series of creditors holding unsecured debt. Unsecured loans have a greater risk of default than secured loans, particularly during periods of deteriorating economic conditions. Since they do not afford the lender recourse to collateral, unsecured loans are subject to greater risk of non payment in the event of default than secured loans. Many loans are relatively illiquid and may be difficult to value.

In connection with purchasing loan participations, a secondary fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the secondary fund may not benefit directly from any collateral supporting the loan in which they have purchased the participation. As a result, the secondary fund may be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the secondary fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. In certain cases, the market for bank loans and loan participations is not highly liquid, and in such cases, the lack of a highly liquid secondary market may have an adverse impact on the value of such securities. This will also have an adverse impact on the secondary fund's ability to dispose of particular bank loans or loan participations when necessary to meet the secondary fund's liquidity needs or when necessary in response to a specific economic event, such as deterioration in the creditworthiness of the borrower. The lack of a highly liquid secondary market for bank loans and loan participations also may make it more difficult for a secondary fund to value these securities for purposes of calculating its net asset value.

Capital Depletion Risk

Emblem Diversified Income Portfolio GIF (a "principal fund") currently invests in Series I securities of the Empire Life Emblem Diversified Income Portfolio mutual fund (the "secondary fund"). Series I securities of each secondary fund may make distributions comprised of a return of capital and/or income. A return of capital reduces the amount of the principal fund's original investment and may result in the return to the principal fund of the entire amount of the principal fund's original investment. This distribution should not be confused with "yield" or "income." Returns of capital that are not reinvested will reduce the net asset value of a secondary fund, which could reduce the secondary fund's ability to generate future income. You should not draw any conclusions about a secondary fund's (or a principal fund's) investment performance from the amount of this distribution. The principal funds do not pay tax on a return of capital. Instead, return of capital reduces the adjusted cost base of the top fund's units of the secondary fund.

Cash Deposit Risk

To the extent that assets of the secondary funds are placed on deposit with a financial institution, the secondary funds are exposed to a risk that the financial institution may be unable to meet its obligations to the funds. To reduce this risk, the secondary funds generally only place cash on deposit with the secondary fund's custodian or sub-custodians or with major financial institutions.

Convertible Securities Risk

Certain secondary funds may invest in convertible securities. Convertible securities are fixed income securities, preferred stock or other securities that are convertible into or exercisable for common shares of an issuer (or cash or securities of equivalent value) at either a stated price or a stated rate. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value typically reflects the market price of the common shares of the issuer when that share price approaches or is greater than the convertible security's "conversion price." Conversion price is the predetermined price at which the convertible security could be exchanged for associated shares. The price of a convertible security tends to be influenced more by the yield of the convertible security as the market price of the underlying common shares declines. Thus, the price of convertible securities may not decline to the same extent as the underlying common shares.

In the event of a liquidation of the issuer, holders of convertible securities would be paid before the company's common shareholders but after holders of any senior debt obligations of the issuer. Consequently, an issuer's convertible securities generally entail less risk than its common shares but more risk than its debt obligations.

Synthetic convertible securities involve the combination of separate securities that possess the two principal characteristics of a "traditional" convertible security (i.e., an income-producing component and a right to acquire an equity security). Synthetic convertible securities are often subject to risks associated with derivatives because the convertible component is typically achieved by investing in warrants or options to buy common shares at a certain exercise price or options on a stock index. If the value of the underlying common shares or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value. Further, because a synthetic convertible security is composed of two or more separate securities or instruments, each with its own market value, the market value of a synthetic convertible security will respond differently to market fluctuations than a "traditional" convertible security.

Emerging Countries Risk

Certain secondary funds may invest in companies of emerging countries. Investments in companies of emerging countries may involve greater risks than investments in more established companies listed on stock exchanges in North America. Such investments may be considered speculative. For example, companies in emerging countries may have limited markets or financial and management resources and the securities of such companies may be less liquid and more volatile. In many emerging countries, there is less governmental supervision and regulation of business and industry practices, stock exchanges, brokers, custodians and listed companies than in Canada. There is an increased risk, therefore, of uninsured loss due to lost, stolen or counterfeit share certificates, share registration problems and fraud. In some countries, there is also a greater risk of political and social instability and corruption.

Floating Rate Note Risk

Certain secondary funds may invest in floating rate notes. A floating rate note is a note with a variable rate of interest that fluctuates with some designated reference rate. Floating rate notes generally are subject to legal or contractual restrictions on resale. The liquidity of floating rate notes, including the volume and frequency of secondary market trading in such loans, varies significantly over time and among individual floating rate notes. Valuing a floating rate note can be more difficult during a period of infrequent trading. Buying and selling a floating rate note at an acceptable price can also be more difficult and delayed during such a period. Difficulty in selling a floating rate note can result in a loss. In addition, floating rate notes generally can be prepaid before maturity, which may result in a floating rate note offering less income and/or potential for capital gains.

Liquidity Risk

Some of the secondary funds invest in illiquid securities. Liquidity refers to how quickly and easily a security can be converted to cash. The value of a secondary fund that owns illiquid securities may rise and fall substantially. Most of the securities owned by a secondary fund can usually be sold promptly at the current market price and can be described as relatively liquid. But a secondary fund may also invest in securities that are illiquid, which means they cannot be sold quickly or easily.

Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms or for other reasons. Sometimes, there may simply be a shortage of buyers. In addition, in highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. A secondary fund that has difficulty selling a security can lose money or incur extra costs.

Repurchase and Reverse Repurchase Transactions and Securities Lending Risk

A secondary fund may enter into repurchase transactions, securities lending transactions or reverse repurchase transactions. A repurchase transaction is where the secondary fund sells a security to a party at one price and agrees to buy the same security back from the same party at a higher price later on. Securities lending involves the secondary fund lending its securities to a borrower for a fee. The secondary fund can demand the return of the security at any time. In a reverse repurchase transaction, the secondary fund buys a security at one price from a party and agrees to sell the same security back to the same party at a higher price later on.

The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the secondary fund is left holding the security and may not be able to sell the security at the same price it paid for it, plus interest, if the market value for the security has dropped in the meantime. In the case of a repurchase transaction or securities lending transaction, the secondary fund could incur a loss if the value of the security loaned or sold has increased more than the value of the cash and collateral held.

Securities legislation requires that the other party post collateral in these types of transactions. The value of the collateral must be at least 102% of the market value of the security sold (for a repurchase transaction), cash loaned (for a reverse repurchase transaction) or security loaned (for a securities lending transaction). The value of the collateral is monitored and reset daily. Repurchase transactions and securities lending transactions are limited to 50% of a secondary fund's assets. Collateral held by a secondary fund for loaned securities and cash held for sold securities are not included in a secondary fund's assets when making this calculation.

Series Risk

Certain of the funds invest in secondary funds that are mutual funds. All of the mutual funds are available to the mutual fund's investors in more than one series. If a mutual fund cannot pay the expenses of one series using its proportionate share of the mutual fund's assets for any reason, the mutual fund will be required to pay those expenses out of the other series' proportionate share of the mutual fund's assets. That could lower the investment returns of the other series. A mutual fund may, without notice to unitholders and without unitholder approval, issue additional series.

Yield Fluctuations Risk

A mutual fund may be subject to the risk that the yield on the mutual fund's units will fluctuate. The yields of certain mutual funds will fluctuate on a daily basis. Therefore, yields for past periods of these mutual funds are not an indication or representation of future yields. A mutual fund's yield is affected by changes in interest rates, average portfolio maturity, the types and quality of portfolio securities held and operating expenses. Under certain market conditions and depending on the mutual fund's investments, a mutual fund's yield may be less than the management expense ratio for one or more series of units of the mutual fund. In such circumstances, the mutual fund manager may voluntarily choose to absorb some or all of the expenses of the mutual fund or may choose to waive its right to receive all or a portion of its management fee charged to the mutual fund. The mutual fund manager may cease absorbing fund expenses or cease waiving its right to receive its full management fees at any time without notice to unitholders.

APPENDIX TO INFORMATION FOLDER

CLASS PLUS 2.1 – SINGLE TIERED INCOME NOW SCENARIO

Richard will be turning 65 this year. He has $400,000 in savings. He wants an equity-based investment that will guarantee him a fixed annual income with the potential for a future increase in income. The Class Plus 2.1 contract with a guaranteed withdrawal benefit **("GWB")** offers the features to meet Richard's objective.

Under the GWB, the lifetime withdrawal amount **("LWA")** is the maximum amount guaranteed to be available each calendar year for withdrawal for the life of the annuitant provided the annuitant is 55 or older and an excess withdrawal does not occur.

When the initial deposit is made the LWA is determined based on the amount of the deposit and a single tiered LWA percentage. The single tiered LWA percentage used is based on the annuitant's age in the calendar year of deposit.

On December 31st of each year the LWA is calculated for the following year.

If there have been no excess withdrawals during the year, the LWA for the following year will be the greater of:

1) the current LWA: and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the single tiered LWA percentage that corresponds to the annuitant's age in the next calendar year.

If there have been excess withdrawals, the LWA for the following year will be an amount equal to the single tiered LWA percentage of the current income base (after all transactions have been processed). The single tiered LWA percentage will be determined based on the annuitant's age in the next calendar year.

The current single tiered LWA percentages are as follows:

Annuitant's Age	Single Tiered LWA Percentage
55 – 59	3.00%
60 – 64	3.50%
65 – 69	4.00%
70 – 74	4.25%
75 +	5.00%

The initial income base will equal $400,000. Given that Richard will be turning 65 in the current year, Richard's age at the time of the initial deposit is 65. Richard's initial LWA will be $16,000 ($400,000 x 4.00%). Richard may withdraw up to $16,000 in the current calendar year without incurring an excess withdrawal. An excess withdrawal may significantly reduce or eliminate the value of the GWB.

Income Now – Down Market Scenario

Assuming poor market conditions, Richard's investment may deplete by his 82nd birthday.

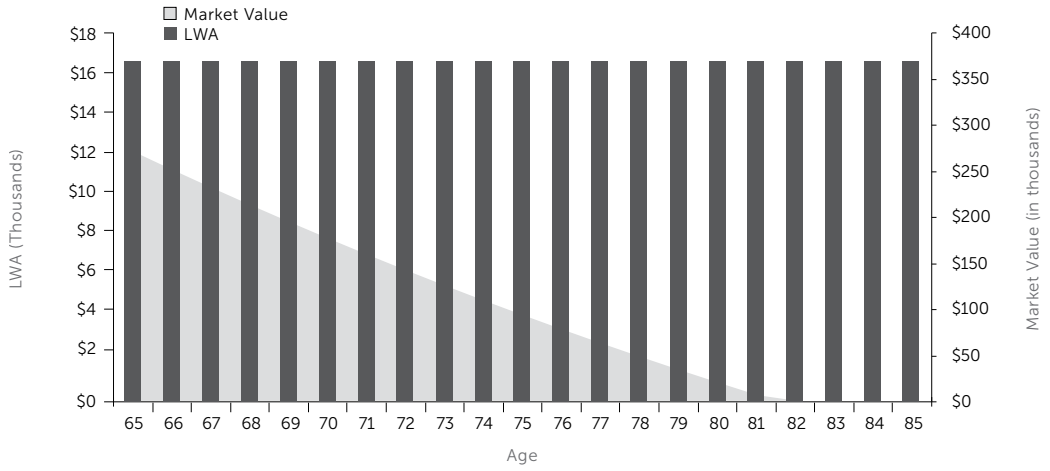
On December 31st of the first year

- Richard will be 66 in the following year. He will have a single tiered LWA percentage of 4%.
- the income base is reduced to $384,000 (the initial income base of $400,000 reduced by the first withdrawal of $16,000).

Richard is guaranteed an LWA of $16,000 provided there are no excess withdrawals. At age 70, Richard's single tiered LWA percentage will be 4.25%. This will not increase the guaranteed income under this down market scenario, as the income base will be $320,000 with an LWA of $13,600 ($320,000 x 4.25%). This amount is less than the current LWA of $16,000, therefore the current LWA will remain in effect.

Note:

For illustrative purposes, the fund accumulates at a rate of return of -1.5%. A monthly Class Plus fee of 0.125% (1.5% annually) of the income base was charged.

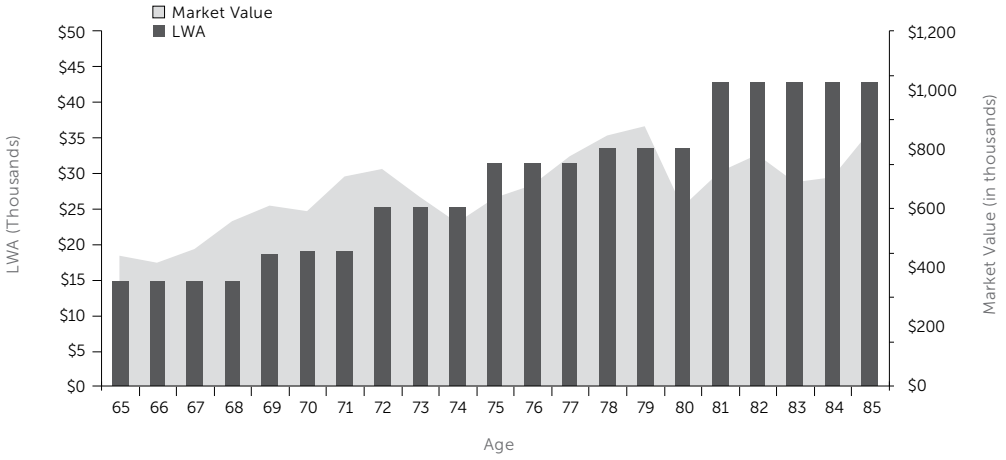


Income Now – Up Market Scenario

With strong market conditions, Richard will be entitled to increases to the LWA from two factors:

1) automatic income base resets every third Class Plus anniversary date where the income base is set to equal the market value of the fund class units at the credit of his contract, if the market value is greater than the income base at that time; and
2) an increase to the single tiered LWA percentage for his age.

The following scenario's market value is based on historical rates of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, from December 31, 1994 to December 31, 2013, with an average rate of return of 9.20%. The monthly Class Plus fee is 0.125% of the income base.



The table below tracks the tiered LWA amount and provides an explanation for the increase.

Age	Income base	Tiered LWA %	Tiered LWA	Reason for Increased LWA
65	$400,000	4.00%	$16,000	Initial LWA
69	$504,085	4.00%	$20,163	Reset
70	$483,921	4.25%	$20,567	Single tiered LWA% increase
72	$643,063	4.25%	$27,330	Reset
75	$681,714	5.00%	$34,086	Reset + single tiered LWA% increase
78	$727,218	5.00%	$36,361	Reset
81	$928,328	5.00%	$46,416	Reset

Richard's LWA increased from an initial amount of $16,000 to a maximum of $46,416 as a result of an increase to the income base through triennial resets and an increase to the single tiered LWA percentage for his age.

CLASS PLUS 2.1 – SINGLE TIERED INCOME LATER SCENARIO

Sarah is 51 years old and is looking to retire at age 65. She currently has $250,000 to invest that she plans to use as retirement income. She is looking for an investment that will allow her to be in the equities market and is also looking for:

- an investment that has the potential to grow for 14 years before she retires;
- an investment that will be held predominately in equities;
- an investment where there are a variety of funds to choose from; and
- a death benefit guarantee or the account value (whichever is higher) that would be payable to her beneficiaries.

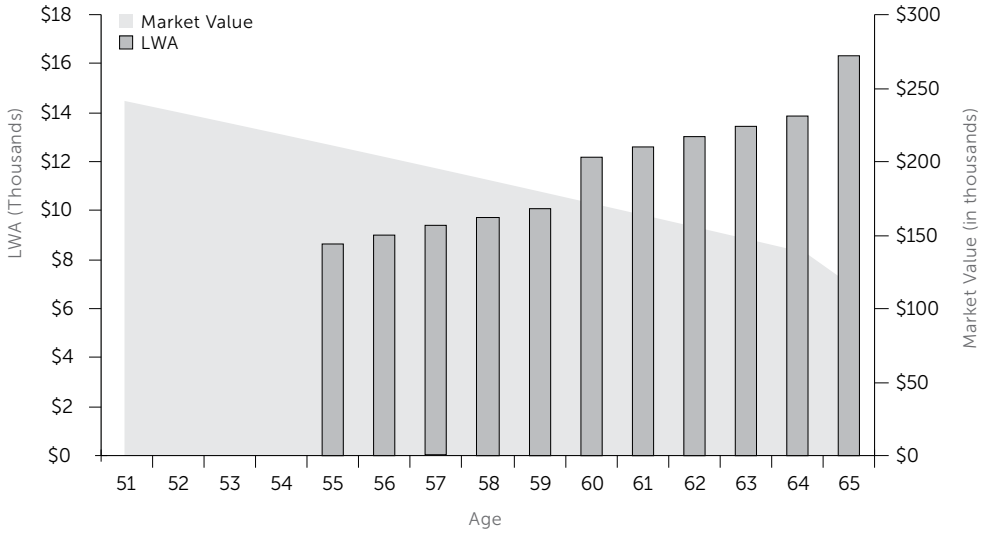
The income base bonus feature can help Sarah during her accumulation phase by increasing her income base by 5% each year assuming no withdrawals are made. If Sarah needs to withdraw some money, she can withdraw up to the LWA determined each December 31st provided she is at least 55 years old.

Income Later – Down Market Scenario

The income base bonus contributes to Sarah's potential future income and protects her against downside market risk. Despite poor market conditions, Sarah's income base would grow from $250,000 to $425,000, assuming no withdrawals are made. By the time she is ready to retire and start withdrawing her money, she would have an LWA of $17,000 ($425,000 x 4.0%).

Note:

For illustrative purposes, the fund accumulates at a rate of return of -1.5%. A monthly Class Plus fee of 0.125% (1.5% annually) of the income base was charged.

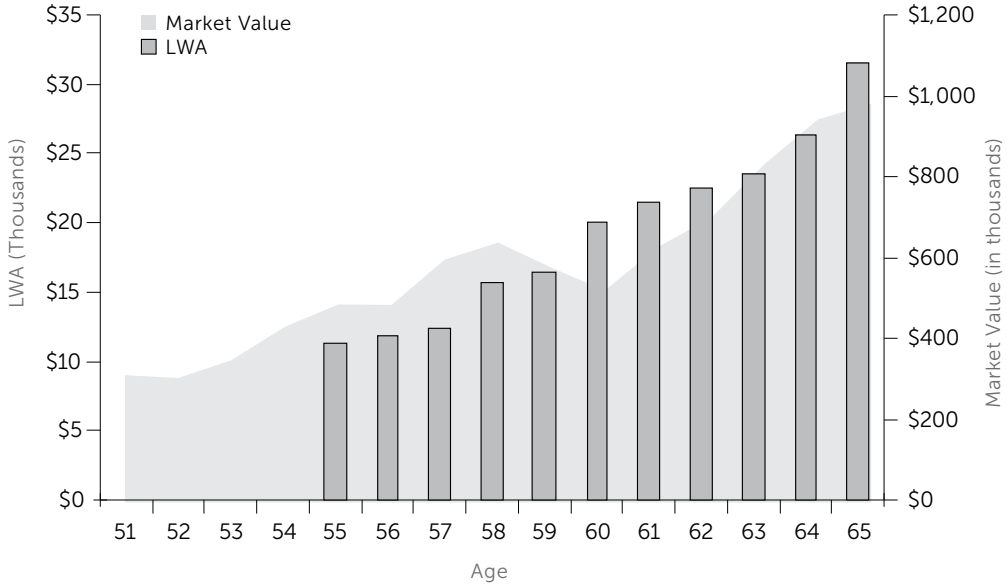


Income Later – Up Market Scenario

Under strong market conditions, in addition to the 5% income base bonus, Sarah would also benefit from the automatic triennial reset feature. Every third Class Plus anniversary date an income base reset may occur. The income base reset occurs when the market value of the fund class units at the credit of her contract is greater than the current income base, which results in a higher income base.

When Sarah is ready to retire at age 65, her annual income would be $31,379 (4.0% of her $784,473 income base).

The following scenario's market value is based on historical rates of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, from December 31, 1994 to December 31, 2013, with an average rate of return of 9.2%. The monthly Class Plus fee is 0.125% of the income base.



CLASS PLUS 2.1 – JOINT TIERED INCOME NOW SCENARIO

John and Mary are a married couple who will be turning 65 and 60 this year. They have $500,000 in savings. They want a joint equity-based investment that will guarantee them a fixed annual income with the potential for a future increase in income. The Class Plus 2.1 contract with a guaranteed withdrawal benefit (**"GWB"**) offers the features to meet their objective. John is the annuitant and Mary is the joint life.

Under the GWB, the lifetime withdrawal amount (**"LWA"**) is the maximum amount guaranteed to be available each calendar year for withdrawal for the life of the annuitant or joint life, provided the younger of the annuitant or joint life is 55 or older and an excess withdrawal does not occur.

When the initial deposit is made, the LWA is determined based on the amount of the deposit and a joint tiered LWA percentage. The joint tiered LWA percentage used is based on the younger of the annuitant and joint life's age in the calendar year of deposit. In this case, the joint tiered LWA percentage will be based on Mary's age.

On December 31st of each year the LWA is calculated for the following year.

If there have been no excess withdrawals during the year, the LWA for the following year will be the greater of:

1) the current LWA: and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the joint tiered LWA percentage that corresponds to Mary's age in the next calendar year.

If there have been excess withdrawals, the LWA for the following year will be an amount equal to the joint tiered LWA percentage of the current income base (after all transactions have been processed). The joint tiered LWA percentage will be determined based on Mary's age in the next calendar year.

The current joint tiered LWA percentages are as follows:

Youngest of Annuitant or Joint Life's Age	Joint Tiered LWA Percentage
55 – 59	2.50%
60 – 64	3.00%
65 – 69	3.50%
70 – 74	3.75%
75 +	4.50%

The initial income base will equal $500,000. Given that Mary will be turning 60 in the current year, Mary's age at the time of the initial deposit is 60. John and Mary's LWA at the time of the initial deposit will be $15,000 ($500,000 x 3.00%). John and Mary may withdraw up to $15,000 in the current calendar year without incurring an excess withdrawal. An excess withdrawal may significantly reduce or eliminate the value of the GWB.

Income Now – Down Market Scenario

Assuming poor market conditions, John and Mary's investment may deplete by Mary's 81st birthday or John's 86th birthday.

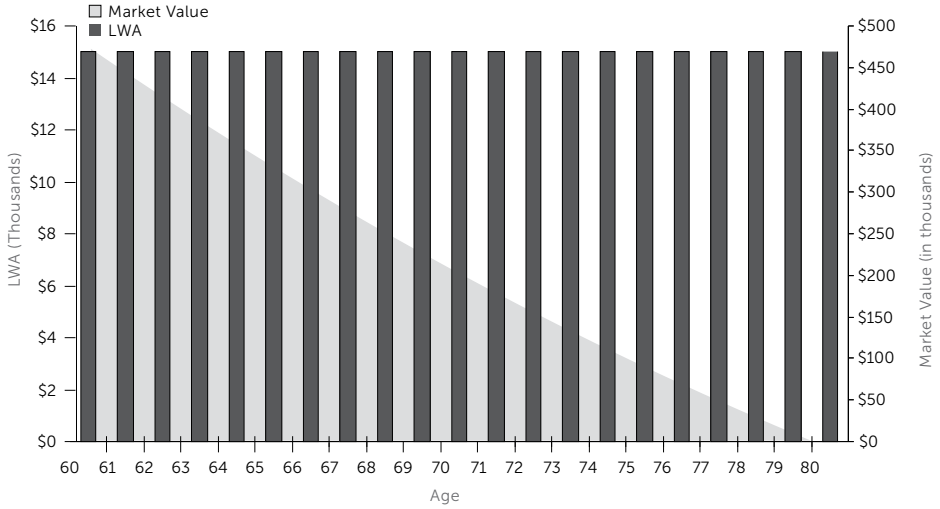
On December 31st of the first year

- Mary will be 61 in the following year. Their joint tiered LWA percentage will be 3%.
- the income base is reduced to $485,000 (the initial income base of $500,000 reduced by the first withdrawal of $15,000).

John and Mary are guaranteed an LWA of $15,000 provided there are no excess withdrawals. In the year that Mary turns 70, their joint tiered LWA percentage is 3.75%. This will not increase the guaranteed income under this down market scenario, as the income base will be $350,000 with an LWA of $13,125 ($350,000 x 3.75%). This amount is less then the current LWA of $15,000, therefore the current LWA will remain in effect.

Note:

For illustrative purposes, the fund accumulates at a rate of return of -1.5%.
A monthly Class Plus fee of 0.125% (1.5% annually) of the income base was charged.

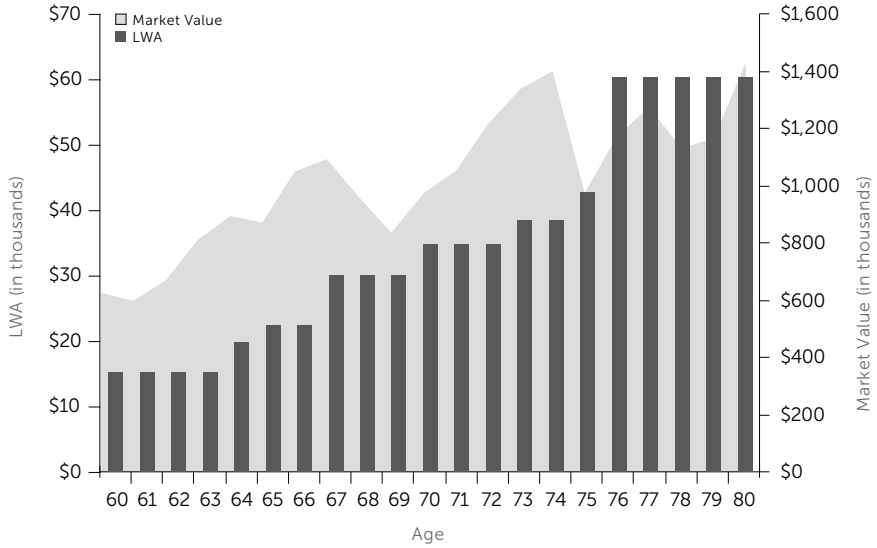


Income Now – Up Market Scenario

With strong market conditions John and Mary will be entitled to increases to the LWA from two factors:

1) automatic income base resets every third Class Plus anniversary date where the income base is set to equal the market value of the fund class units at the credit of their contract, if the market value is greater than the income base at that time; and
2) an increase to the joint tiered LWA percentage based on Mary's age.

The following scenario's market value is based on historical rates of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, from December 31, 1994 to December 31, 2013, with an average rate of return of 9.20%. The monthly Class Plus fee is 0.125% of the income base.



The table below tracks the joint tiered LWA amount and provides an explanation for the increase.

Age	Income base	Tiered LWA %	Tiered LWA	Reason for Increased LWA
60	$500,000	3.00%	$15,000	Initial LWA
64	$651,553	3.00%	$19,547	Reset
65	$632,006	3.50%	$22,120	Joint tiered LWA% increase
67	$845,248	3.50%	$29,584	Reset
70	$913,337	3.75%	$34,250	Reset + joint tiered LWA% increase
73	$1,010,984	3.75%	$37,912	Reset
75	$935,160	4.50%	$42,082	Joint tiered LWA % increase
76	$1,322,032	4.50%	$59,491	Reset
82	$1,351,485	4.50%	$60,817	Reset

John and Mary's LWA increased from $15,000 at issue to a maximum of $60,817 as a result of an increase to the income base through triennial resets and an increase to the joint tiered LWA percentage based on Mary's age.

CLASS PLUS 2.1 – JOINT TIERED INCOME LATER SCENARIO

Ben and Louise are a married couple who will be turning 55 and 51 this year. Ben and Louise are looking for retirement income when Louise retires at age 65. They currently have $300,000 to invest. They are looking for an investment that will allow them to be in the equities market and are also looking for:

- an investment that has the potential to grow for 14 years before Louise retires;
- an investment that will be held predominately in equities;
- an investment where there are a variety of funds to choose from; and
- a death benefit guarantee or the account value (whichever is higher) that would be payable to their beneficiaries.

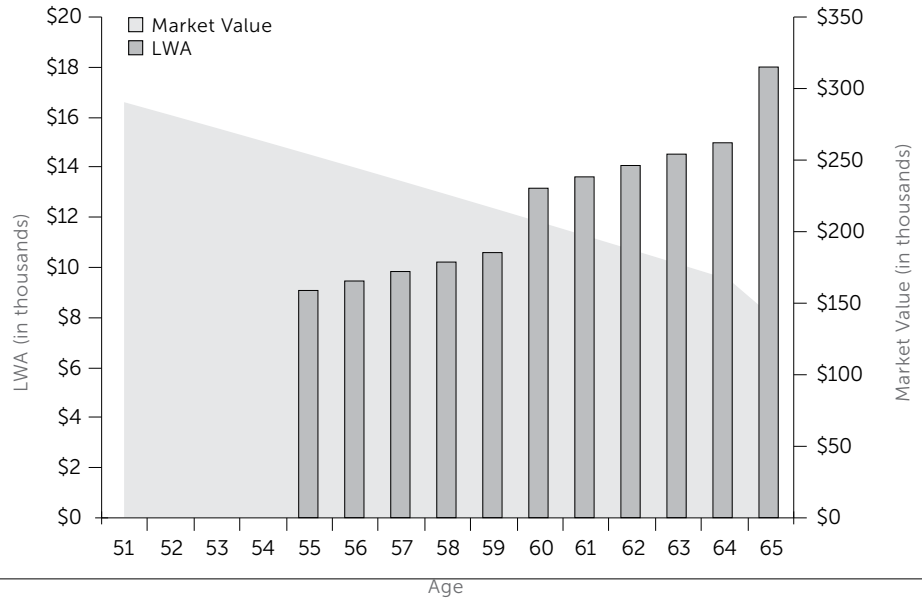
The income base bonus feature can help Ben and Louise during the accumulation phase by increasing their income base by 5% each year assuming no withdrawals are made. If they need to withdraw some money, they can withdraw up to the joint tiered LWA amount provided Louise is at least 55 years old.

Income Later – Down Market Scenario

The income base bonus contributes to Ben and Louise's potential future income and protects them against downside market risk. Despite poor market conditions, their income base would grow from $300,000 to $510,000, assuming no withdrawals are made. By the time Louise is ready to retire and start withdrawing money, Ben and Louise will have an LWA of $17,850 ($510,000 x 3.50%).

Note:

For illustrative purposes, the fund accumulates at a rate of return of -1.5%. A monthly Class Plus fee of 0.125% (1.5% annually) of the income base was charged.

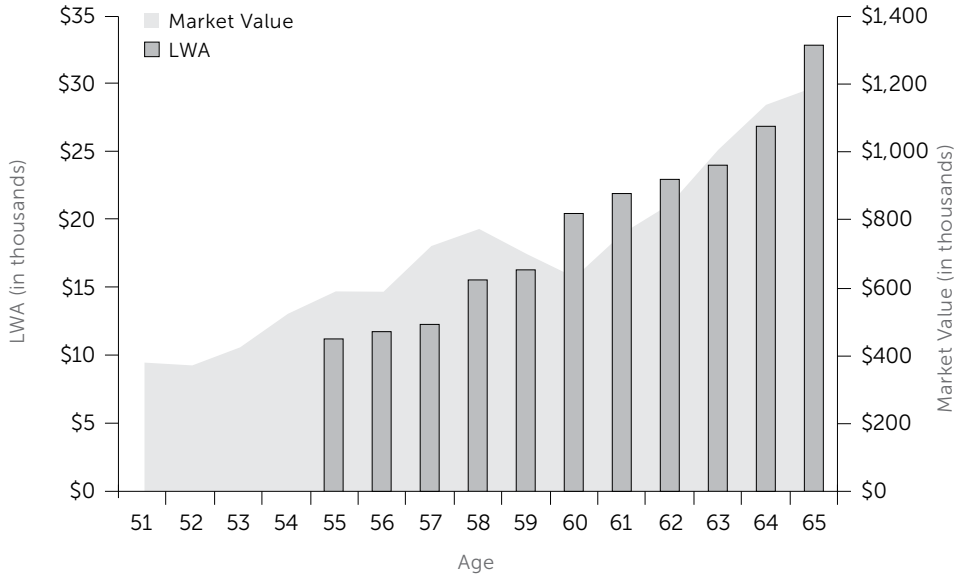


Income Later – Up Market Scenario

Under strong market conditions, in addition to the 5% income base bonus, Ben and Louise would also benefit from the automatic triennial reset feature. Every third Class Plus anniversary date an income base reset may occur. The income base reset occurs when the market value of the fund class units at the credit of their contract is greater than the current income base, which results in a higher income base.

When Louise is ready to retire at age 65, their annual income would be $32,948 (3.50% of their $941,368 income base).

The following scenario's market value is based on historical rates of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, from December 31, 1994 to December 31, 2013, with an average rate of return of 9.20%. The monthly Class Plus fee is 0.125% of the income base.



CLASS PLUS 2.1 CONTRACT PROVISIONS

IMPORTANT INFORMATION

Delivery of the contract provisions does not constitute an acceptance by The Empire Life Insurance Company **("Empire Life")** of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice will be issued once we have received all of the required documents and your initial deposit. Any applicable endorsements or amendments will be sent to you with the confirmation notice and will form part of your contract.

Any part of the deposit or other amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

Empire Life is the issuer of this non-participating deferred annuity contract and the guarantor of the maturity benefit, death benefit and guaranteed withdrawal benefit guarantees as outlined in the contract provisions.

Mark Sylvia
President and Chief Executive Officer

1. GENERAL INFORMATION

1.1 Definitions

The following are definitions for some of the key terms used throughout this document. You will find other terms defined in other sections of the contract. The defined term is bolded and in quotes and the definition is in the sentence containing the defined term. The definitions provided will have the same meaning throughout the information folder and the contract provisions.

"**annuitant**" shall mean the individual named as annuitant on the application. The annuitant is also presumed to be the contract owner only for the purposes of describing the benefits available;

"**application**" shall mean the Class Plus 2.1 Application, the Class Plus 2.1 Application for Nominee/Intermediary Account, or the Class Plus 2.1 Application for a Tax-Free Savings Account;

"**bonus base**" shall mean the notional amount used to calculate the income base bonus at the end of the calendar year;

"**bonus base reset**" shall mean a notional increase to the bonus base to equal the market value of the funds at the credit of your contract, if the market value of the funds is greater than the bonus base. Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter a bonus base reset will occur;

"**Class Plus anniversary date**" shall mean the valuation date of the initial deposit to your contract and every year thereafter;

"**cut-off time**" is 4:00 p.m. ET of a valuation date. Any deposits, switches or withdrawal requests received after the cut-off time will be processed effective the next valuation date. Empire Life reserves the right to change the cut-off time without advance notice to you;

"**deposits**" shall mean the premium amounts you pay to us either directly or as a transfer from another policy/contract with Empire Life or from another financial institution under the terms of the contract;

"**effective date**" shall be the date we have received all of the required documents and your initial deposit. The effective date of your contract is as shown on the confirmation notice;

"**excess withdrawal**" shall occur when total withdrawals in a calendar year exceed the lifetime withdrawal amount;

"**fund(s)**" and "**segregated funds**" shall mean and include any one or all of the segregated funds and their respective fund classes available under the terms of the contract at any time;

"**fund class**" shall mean the notional division of a segregated fund for the purposes of determining management fees and benefit guarantees;

"**fund class unit(s)**" shall mean the notional division of a segregated fund for the purposes of determining benefits under the contract;

"**fund facts**" shall mean the disclosure document that forms part of the information folder and, for specified information in the fund facts, part of the contract;

"**guaranteed withdrawal benefit ("GWB")**" shall mean the feature of Class Plus 2.1 that provides for withdrawals over the life of the contract provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"GWB guarantee" shall mean a guarantee that withdrawals will continue for the life of the annuitant or, if applicable, the life of the joint life provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**guaranteed payment phase**" shall mean the period of time that withdrawals up to an annual maximum amount can occur when the market value of the funds at the credit of your contract equals $0, subject to specified conditions;

"**income base**" shall mean the notional value that is the basis for determining the lifetime withdrawal amount each calendar year;

"**income base bonus**" shall mean a notional amount added to the income base at the end of each calendar year following the initial deposit during which no withdrawals are made for that year;

"**income base downward adjustment**" shall mean a potential reduction to the income base that occurs immediately following an excess withdrawal;

"**income base reset**" shall mean a notional increase to the income base to equal the market value of the funds at the credit of your contract, if the market value of the funds is greater than the income base. Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter an income base reset will occur;

"**Income Tax Act**" shall mean the *Income Tax Act* (Canada), as amended from time to time;

"**information folder**" shall mean the disclosure document in respect of the Class Plus 2.1 contract and the fund information that is required under provincial insurance laws;

"joint life" shall mean, for purposes of the joint tiered LWA option, the individual named as joint life on the application who must be the annuitant's spouse or common-law partner at that time;

"joint tiered lifetime withdrawal amount option ("joint tiered LWA option")" shall mean an option available where withdrawals are guaranteed for the life of the annuitant or joint life provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**last annuitant**" shall mean the annuitant, or if there is a successor annuitant or joint life, the survivor;

"**lifetime withdrawal amount ("LWA")**" shall mean the maximum amount guaranteed to be available each calendar year for withdrawal for the life of the annuitant or, if applicable, the life of the joint life, provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**maturity date**" shall mean the latest date that a contract may be owned. The maturity benefit is payable on the maturity date;

"**notice to us**" shall mean notice in writing, by any electronic means acceptable to us, or in any other form we may approve and received by us;

"**notice to you**" shall mean notice sent by electronic means or written notice sent by regular mail from us to you at your last known address according to our records;

"**rules**" shall mean the administrative rules and procedures established for the contract by us from time to time. We may change our rules in order to provide better service or to reflect corporate policy as well as when required by economic and legislative changes, including revisions to applicable income tax and pension legislation. The operation of the contract and your rights as contract owner is subject to our rules and procedures and no prior notice to you is required for a rule or procedure, or for a change to a rule or procedure to become effective;

"secondary fund" shall mean a segregated fund, mutual fund, or other investment fund, limited partnership or income trust, including an index participation unit, in which a segregated fund may invest its assets;

"similar fund" shall mean a segregated fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the fund in question;

"single tiered lifetime withdrawal amount option ("single tiered LWA option")" shall mean an option available where withdrawals are guaranteed for the life of the annuitant provided an excess withdrawal does not occur and the age eligibility requirement has been met;

"**successor annuitant**" shall mean the person who will become the annuitant on the death of the annuitant;

"**valuation date**" shall mean each day that our head office is open for business and a value is available for the underlying assets of the funds. Valuation of the segregated funds and any secondary funds occurs at the close of business each valuation date. We reserve the right to value a fund less frequently than each business day, subject to a minimum monthly valuation occurring on the last business day of each month;

"**we**", "**us**", "**our**", "**the company**" and "**Empire Life**" shall mean The Empire Life Insurance Company and, for purposes of a Tax-Free Savings Account, the issuer of the Tax-Free Savings Account;

"**withdrawal fee schedule**" shall mean the schedule of fees applicable to withdrawals. The fees in effect at the time your contract is applied for are outlined in Section 8.2 Purchase Fee Options of the information folder;

"**you**", "**your**", and "**contract owner**" shall mean the legal owner of the contract and, for purposes of a Tax-Free Savings Account, the holder of the Tax-Free Savings Account.

1.2 Contract

The contract is the agreement between you and us. It consists of the application, these contract provisions, any endorsements or amendments issued as part of this contract, and the confirmation notice issued by us.

The following information from the fund facts will also form part of the contract effective the date the fund facts was prepared and will remain in effect until such date as it is updated or replaced by a more current fund facts:

1) the plan name and the segregated fund(s) name;
2) the management expense ratio ("**MER**");
3) risk disclosure;
4) fees and expenses; and
5) rescission rights.

The information provided within the fund facts is accurate and complies with the Canadian Life and Health Insurance Association Guideline G2 on Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds as of the date it was prepared. If there is an error on a fund fact we will take reasonable measures to correct the error. The error will not entitle you to specific fund performance.

Current fund facts are available on request or on our website at www.empire.ca.

If you have requested that your contract be registered under the Income Tax Act, the Retirement Savings Plan ("**RSP**") Endorsement or the Retirement Income fund ("**RIF**") Endorsement, as applicable, and any applicable locked-in endorsement will form part of your contract. The provisions of the endorsement(s) will, where applicable, override the contract provisions.

If you have applied for a Tax-Free Savings Account ("**TFSA**") and requested that we file an election to register the contract as a TFSA under the Income Tax Act, the TFSA Endorsement will form part of your contract. The provisions of the endorsement will, where applicable, override the contract provisions.

We will not be bound by any amendment made to the contract by you or your advisor unless it is agreed to in writing and signed by an authorized officer of the company. This contract will be governed and interpreted in accordance with the laws of the Province or Territory of Canada in which you sign the application.

Any action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for British Columbia, Alberta and Manitoba), the Limitations Act, 2002 (for Ontario), or other applicable legislation (for all other provinces and territories).

1.3 Currency

Amounts payable to or by us will be in Canadian dollars. Cheques must be payable to Empire Life.

1.4 Payment of Benefits

Before making payment of any of the benefits payable under the terms of this contract, we will require sufficient proof of the right of the claimant to receive such payment. If the proceeds become payable by reason of the last annuitant's death, we will also require sufficient proof of death of the annuitant(s) and, if applicable, the joint life in accordance with our rules.

1.5 Beneficiary

The beneficiary)ies is(are) the person(s) who will receive the death benefit when the last annuitant dies. You can change or revoke the beneficiary designation, as permitted by applicable legislation. If the designation of a beneficiary is irrevocable, you cannot change or revoke it and you cannot exercise certain contractual rights without that beneficiary's written consent. We assume no responsibility for the validity or effect of any beneficiary designation.

If there are no surviving beneficiaries when the last annuitant dies, the death benefit will be payable to you or to your estate.

1.6 Control of the Contract

If you have selected the joint tiered LWA option, the annuitant and the joint life must be joint owners with right of survivorship (subrogated policyholders in Quebec) in accordance with our rules.

You may exercise all of the rights and privileges as contract owner subject to the law(s) governing this contract, including requirements under the Income Tax Act. Your rights may be restricted if the beneficiary is irrevocable or if the contract has been assigned.

If you are not the annuitant and, if you predecease the annuitant while this contract is in force, the joint or successor owner (subrogated policyholder) will become the contract owner. If a joint or successor owner has not been appointed, the annuitant will become the contract owner.

1.7 Contract Termination

Your contract will automatically terminate on the earliest of:

1) the date the market value of your contract is equal to $0 and the contract is not in the guaranteed payment phase;
2) the maturity date; and
3) the date we receive notification of the death of the last annuitant.

We may choose to terminate your contract if the market value of your contract falls below the minimum balance requirement and there has been no contract activity in the preceding 12 months.

You can choose, subject to regulatory restrictions, to cancel your contract at any time prior to the maturity date. We will calculate the market value of your contract effective the date your request to cancel is received. You can choose to have the market value of your contract, less any applicable withdrawal fees, applied to any of the maturity options available at that time.

2. DEPOSITS

2.1 General Information

When you make your initial deposit, in accordance with our rules, the Class Plus anniversary date will be the valuation date of the initial deposit. If the valuation date of the initial deposit is February 29th, February 28th will be the Class Plus anniversary date.

Deposits must be in accordance with our rules regarding minimum deposit requirements. We reserve the right to, from time to time and at our discretion, without advance notice to you:

1) refuse to accept deposits;
2) limit the amount of deposits to a fund;
3) impose additional conditions on deposits; and
4) limit the number of contracts owned by you.

If your contract is to be registered under the Income Tax Act, provincial legislation and/or any pension legislation certain restrictions may apply as specified in the applicable endorsement(s).

The amount of your deposit (before any applicable sales charges are deducted) will be used for determining the maturity and death benefit guarantees.

We may require medical evidence of the health of an annuitant. We reserve the right to refuse to accept a deposit or to refund a deposit should incomplete or unsatisfactory evidence be provided.

No deposits can be made:

1) if you have selected the single tiered LWA option, after December 31st of the year the annuitant turns 80 years old;
2) if you have selected the joint tiered LWA option, after December 31st of the year the older of the annuitant and the joint life turns 80 years old or would have turned 80 had he/she survived; and
3) during the guaranteed payment phase.

2.2 Allocation of Deposits

Your deposits, less any applicable sales charges, will be applied towards the purchase of fund class units in any one or more of the funds, as directed by you.

The initial deposit and any regular scheduled deposits, less any applicable sales charge, will be applied based on the fund allocations as chosen by you on the application. You must provide investment instructions for additional lump sum deposits.

You must provide notice to us to change the fund allocation of regular scheduled deposits.

The number of fund class units to be credited to your contract will be equal to the deposit, less any applicable sales charges, divided by the fund class unit value for the applicable fund on the valuation date.

2.3 Rescission Rights

You have the right to rescind your decision to purchase the contract. You must provide written notice of your desire to rescind the contract to us within two business days of receiving the confirmation notice. You will receive the lesser of:

1) the market value of the fund class units at the credit of your contract on the valuation date following the day we receive your request plus any sales charges applicable to the deposit; or
2) the amount of your deposit.

You will be deemed to have received the confirmation notice five business days after we have mailed it.

You may also rescind subsequent deposits to the contract on the same conditions as outlined above except as follows:

1) in the event you elect to rescind a subsequent deposit, the right to rescind the purchase will only apply to that deposit; and
2) the right to rescind a subsequent deposit does not apply to regular scheduled deposits for which confirmation notices are not issued at the time of deposit.

We reserve the right to defer payment of any value under the rescission right for 30 days following the date we receive your notice to rescind.

Any deposit allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

3. SWITCHES

3.1 General Information

A switch is the cancellation of fund class units of one fund for their market value and the acquisition of fund class units in another fund. Switches must be in accordance with our rules and any regulatory restrictions that may apply. You may, by providing notice to us and while your contract is in force, request a scheduled or unscheduled switch.

Switches between funds will not affect the maturity and death benefit guarantees or the GWB guarantee. For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

Deposits that have been in the fund the longest are switched first.

Switches may be subject to the excessive short-term trading fee.

We reserve the right to refuse a switch request in accordance with our rules.

3.2 Scheduled Switches

You may, by providing notice to us, make scheduled switches in accordance with our rules. If the date selected falls on a weekend or holiday, the switch will be processed on the previous valuation date. We reserve the right to cancel your scheduled switches at any time or to direct your scheduled switches to a similar fund in accordance with our rules.

The market value of fund class units cancelled and acquired in accordance with a switch is not guaranteed but will fluctuate with the market value of the assets of the funds.

4. WITHDRAWALS

4.1 General Information

The maturity and death benefit guarantees will reduce proportionately for any withdrawals. Withdrawals will reduce the income base and may have a negative impact on the GWB guarantee.

You may, by providing notice to us and while your contract is in force, request a scheduled or unscheduled withdrawal of some or all of the market value of the fund class units at the credit of your contract. Withdrawals must be in accordance with our rules and will be subject to any regulatory restrictions that may apply.

You must indicate in your notice to us the fund(s) you wish to withdraw the fund class units from. If the market value of the fund class units on a valuation date is not sufficient for us to make the requested withdrawal, we will make the withdrawal in accordance with our rules. The contract will terminate when all fund class units have been withdrawn except during the guaranteed payment phase.

Any applicable withdrawal fees and withholding taxes will be deducted from the amount withdrawn. Withdrawal fees will only apply to withdrawals that exceed the free withdrawal limit. The number of fund class units to be cancelled will be equal to the amount to be withdrawn divided by the fund class unit value for the applicable fund on the valuation date.

If you request a withdrawal of the full market value of your contract, you must elect one of the following options:

1) to apply the market value of your contract, less any applicable withdrawal fees, towards the purchase of an annuity in accordance with applicable legislation;
2) to receive the market value of your contract, less any applicable withdrawal fees and withholding taxes, in cash (subject to applicable legislation); or
3) any other method of settlement that we are then offering.

We reserve the right to refuse a request for a withdrawal or to require that your contract be cancelled if the minimum balance requirements are not met. We reserve the right to defer determination and payment of a withdrawal for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine the fund class unit value for any fund.

4.2 Scheduled Withdrawals

You may, by providing notice to us, request that scheduled withdrawals be made. Scheduled withdrawals are the automatic withdrawal of some of the market value of the fund class units at the credit of your contract at regular periodic intervals. We will withdraw the amount you have requested on the date as selected by you. If the date selected falls on a weekend or holiday, the withdrawal will be processed on the previous valuation date.

If your contract is a RRIF, scheduled withdrawals will be referred to as retirement income payments.

4.3 Free Withdrawal Limit

For deposits made with a deferred sales charge option (**"DSC option"**) or a low-load option (**"LL option"**), withdrawal fees will apply to any withdrawals that occur before the end of the withdrawal fee schedule. However, a withdrawal of some of the market value of fund class units at the credit of your contract each calendar year up to specified limits will not be charged a withdrawal fee. For withdrawals in excess of the free withdrawal limit, normal withdrawal fees will apply. Withdrawals in excess of the LWA for the calendar year will be excess withdrawals.

The free withdrawal limit for non-registered, RSP or TFSA contracts will be 10% of the market value of fund class units at the credit of your contract as of December 31st of the previous year plus 10% of any deposits made in the current year up to the date of withdrawal. The free withdrawal limit for RIF contracts will be 20% of the market value of fund class units at the credit of your contract as of December 31st of the previous year plus 20% of any deposits made in the current year up to the date of withdrawal. The free withdrawal limit will be determined each calendar year and cannot be carried over to the next calendar year.

We reserve the right to change the free withdrawal limit, the conditions under which this provision is applied and the calculation of the limits, at any time and without prior notice to you.

4.4 Minimum Balance Requirements

There are minimum balance requirements for the contract. If, at any time and in accordance with our rules, the minimum balance requirements are not met we have the right to terminate your contract.

We reserve the right, without prior notice to you, to change the minimum balance requirements at any time, in accordance with our rules.

5. GUARANTEED WITHDRAWAL BENEFIT ("GWB")

5.1 General Information

The GWB provides guaranteed payments to you and, if applicable, the joint life annually regardless of the investment performance of the fund class units that you have invested in, subject to the terms and conditions of the contract.

We currently offer two GWB Options:

1) the single tiered LWA option; and
2) the joint tiered LWA option.

The GWB option must be selected on the application and, once selected, cannot be changed without terminating the contract.

We reserve the right, without prior notice to you, to change or delete a GWB Option at any time, in accordance with our rules.

5.2 Single Tiered Lifetime Withdrawal Amount Option ("single tiered LWA option")

5.2.1 Calculation of the LWA for the Year of Initial Deposit

On receipt of the initial deposit, we will calculate your LWA based on the amount of the deposit (the initial income base) and the initial single tiered LWA percentage. The initial single tiered LWA percentage used is based on the annuitant's age as of December 31st of the calendar year in which the initial deposit is made. If the annuitant is younger than 55 as of December 31st of the current calendar year, the LWA is set to equal $0 and any withdrawal is considered an excess withdrawal. If the annuitant is 55 or older as of December 31st of the current calendar year, the LWA will be calculated based on the initial income base and the initial single tiered LWA percentage that corresponds to the annuitant's age as of December 31st of the current calendar year.

5.2.2 Calculation of the LWA for Subsequent Years

On December 31st of each year we will calculate your LWA for the following calendar year.

If total withdrawals have not exceeded the LWA for the current calendar year, the LWA for the following calendar year is the greater of:

1) the current LWA; and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the single tiered LWA percentage that corresponds to the annuitant's age as of December 31st of the following calendar year.

If total withdrawals have exceeded the LWA for the current calendar year, the LWA for the following calendar year will be an amount equal to the single tiered LWA percentage of the current income base (after all transactions have been processed). The single tiered LWA percentage will be determined based on the annuitant's age as of December 31st of the following calendar year.

The single tiered LWA percentage will automatically increase as the annuitant's age increases in accordance with the chart of single tiered LWA percentages outlined in Section 6.2 of the information folder.

The current single tiered LWA percentages will be as outlined in the information folder. We reserve the right to change the single tiered LWA percentages. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new single tiered LWA percentages are higher than those in effect when your contract was issued, we may allow you to change to the new single tiered LWA percentages in accordance with our rules.

If total withdrawals have not exceeded the LWA for the current calendar year, the remainder will not be added to the LWA for the next calendar year.

5.3 Joint Tiered Lifetime Withdrawal Amount Option ("joint tiered LWA option")

If you select the joint tiered LWA option, the annuitant and joint life must be joint owners with right of survivorship (subrogated policyholders in Quebec), in accordance with our rules.

5.3.1 Calculation of the LWA for the Year of Initial Deposit

On receipt of the initial deposit, we will calculate your LWA based on the amount of the deposit (the initial income base) and the initial joint tiered LWA percentage. The initial joint tiered LWA percentage used is based on the youngest of the annuitant and the joint life's age as of December 31st of the calendar year in which the initial deposit is made. If the annuitant or joint life is younger than 55 as of December 31st of the current calendar year, the LWA is set to equal $0 and any withdrawal is considered an excess withdrawal. If both the annuitant and joint life are 55 or older on December 31st of the current calendar year, the LWA will be calculated based on the initial income base and the initial joint tiered LWA percentage that corresponds to the youngest of the annuitant and the joint life's age as of December 31st of the current calendar year.

5.3.2 Calculation of the LWA for Subsequent Years

On December 31st of each year we will calculate your LWA for the following calendar year.

If total withdrawals have not exceeded the LWA for the current calendar year, the LWA for the following calendar year is the greater of:

1) the current LWA; and
2) a new LWA that is calculated based on the current income base (after all transactions have been processed) and the joint tiered LWA percentage that corresponds to the youngest of the annuitant and the joint life's age as of December 31st of the following calendar year.

If total withdrawals have exceeded the LWA for the current calendar year, the LWA for the following calendar year will be an amount equal to the joint tiered LWA percentage of the current income base (after all transactions have been processed). The joint tiered LWA percentage will be determined based on the youngest of the annuitant and the joint life's age as of December 31st of the following calendar year.

The joint tiered LWA percentage will automatically increase as the youngest of the annuitant and the joint life's age increases in accordance with the chart of joint tiered LWA percentages outlined in Section 6.3 of the information folder. The LWA is

always based on the age of the youngest of the annuitant and the joint life even if that person dies while your contract is in effect.

The current joint tiered LWA percentages will be as outlined in the information folder. We reserve the right to change the joint tiered LWA percentages. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new joint tiered LWA percentages are higher than those in effect when your contract was issued, we may allow you to change to the new joint tiered LWA percentages, in accordance with our rules.

If total withdrawals have not exceeded the LWA for the current calendar year, the remainder will not be added to the LWA for the next calendar year.

5.4 Income Base

The initial income base is set to equal the initial deposit. The income base may:

1) increase by any subsequent deposits;
2) increase on the last valuation date of each calendar year by a notional income base bonus;
3) increase on every third Class Plus anniversary date as a result of an income base reset;
4) decrease by any withdrawals;
5) decrease additionally for excess withdrawals.

5.5 Income Base Bonus

The contract may be eligible for notional bonuses that will increase your income base each calendar year following the initial deposit. This includes the calendar year of the initial deposit.

If there are no withdrawals during the calendar year, the income base will increase by a notional income base bonus. The amount of the income base bonus is currently equal to 5% of the current bonus base. Income base bonuses are applied to the income base on the last valuation date of the calendar year.

We reserve the right to change the income base bonus percentage. Such a change will not apply to contracts issued prior to the date on which the change becomes effective. If the new income base bonus percentage is higher than the income base bonus percentage in effect when your contract was issued, we may increase the income base bonus percentage in accordance with our rules.

Income base bonuses do not affect the market value of the fund class units at the credit of your contract.

The bonus base is equal to the initial deposit. The bonus base will increase by the amount of any subsequent deposits.

Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter, a bonus base reset will automatically occur. A bonus base reset may result in an increase to the bonus base. If the market value of the fund class units at the credit of your contract is greater than the bonus base, the bonus base is increased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged. If the Class Plus anniversary date does not fall on a valuation date, the most recent valuation date prior to the Class Plus anniversary date will be used for calculating the market value of the fund class units at the credit of your contract

If an excess withdrawal occurs and the market value of the fund class units at the credit of your contract, determined immediately after the withdrawal, is less than the bonus base, the bonus base is decreased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged.

5.6 Income Base Reset

Commencing on the third Class Plus anniversary date and on every third Class Plus anniversary date thereafter, an income base reset will automatically occur. If the market value of the fund class units at the credit of your contract is greater than the income base, the income base will be increased to equal the market value of the fund class units at the credit of your contract, otherwise it will remain unchanged.

If the Class Plus anniversary date does not fall on a valuation date the most recent valuation date prior to the Class Plus anniversary date will be used for calculating the market value of the fund class units at the credit of your contract.

5.7 Retirement Income Payments

If you have requested that your contract be registered as a RIF, the Income Tax Act requires that a minimum amount be withdrawn every year as retirement income payments. You are not required to receive a minimum payment for the calendar year in which your contract is established. For each subsequent year, the minimum retirement income payment is calculated in accordance with the minimum payment schedule as specified in Section 146.3 of the Income Tax Act.

The minimum retirement income payment for each calendar year is based on the market value of your contract at the beginning of that calendar year. To the extent possible, retirement income payments will be made in accordance with our rules and the directions you have provided on the application or by subsequent notice to us.

If you are 55 or older and the minimum retirement income payment is higher than the LWA for a calendar year, withdrawals up to the RRIF minimum amount will not be considered an excess withdrawal. If your contract is locked-in under pension legislation and the LWA is higher than your maximum income amount for a calendar year, you can withdraw up to the maximum income amount in accordance with the applicable pension legislation.

We reserve the right to restrict the use of the spouse or common-law partner's age for the purposes of determining the maximum guaranteed payment available for a calendar year.

If the total of your retirement income payments in a calendar year is less than the required minimum payment for that year, we will make a payment to you, in accordance with our rules, before the end of that calendar year to meet the required minimum payment.

If the market value of your contract is not enough to make a retirement income payment, the amount available, less any applicable withdrawal fees will be paid to you and your contract will terminate. At no time will any retirement income payment be made which exceeds the market value of your contract immediately before a retirement income payment is due.

5.8 Excess Withdrawals

An excess withdrawal occurs when the cumulative withdrawals exceed the LWA for a calendar year. Immediately following an excess withdrawal an income base downward adjustment will be processed that results in the income base being recalculated to be equal to the lesser of:

1) the income base after the withdrawal has been processed; and
2) the market value of the fund class units at the credit of your contract after the withdrawal has been processed.

Immediately following an excess withdrawal the bonus base will be decreased to equal the market value of the fund class units at the credit of your contract if the market value of the fund class units at the credit of your contract is less than the bonus base, otherwise it will remain unchanged.

5.9 Guaranteed Payment Phase

If the market value of the fund class units at the credit of your contract equals $0 and the income base or LWA has a positive value, your contract will not terminate but will move into the guaranteed payment phase. Once in the guaranteed payment phase, the contract will continue to provide for payments up to the LWA to you for the life of the annuitant or, if applicable, the life of the joint life.

No deposits can be made during the guaranteed payment phase. Withdrawals will not be made to pay the Class Plus fee during the guaranteed payment phase.

6. MATURITY AND DEATH BENEFITS

6.1 General Information

Your contract provides guarantees at maturity and death.

On the maturity date, if the maturity benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the maturity benefit guarantee.

On the death benefit date, if the death benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the death benefit guarantee.

Any increase in the market value of the fund class units at the credit of your contract as a result of a maturity or death benefit guarantee will be referred to as a **"top up"**. A contract is limited to one top up. Any applicable top up payments are paid from the general funds of the company.

6.2 Maturity Date

If you have selected the single tiered LWA option, the maturity date of your contract is December 31st of the year the annuitant named in the application turns 120 years old.

If you have selected the joint tiered LWA option, the maturity date of your contract is December 31st of the year the youngest of the annuitant and the joint life named in the application turns 120 years old.

The maturity date of your contract cannot be changed.

6.3 Maturity Benefit

The maturity benefit is determined on the maturity date. The maturity benefit is equal to the greater of:

1) the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees; and
2) the maturity benefit guarantee.

If (2) is greater than (1) a top up will be applied.

The maturity benefit will be applied to a maturity option you select and your contract will then terminate.

6.4 Maturity Benefit Guarantee

The maturity benefit guarantee is 75% of the sum of the deposits reduced proportionately for withdrawals.

The maturity benefit guarantee will not decrease as a result of a withdrawal to pay the Class Plus fee.

6.5 Maturity Options

We will provide notice to you of the maturity options available prior to the maturity date of your contract.

The maturity benefit will be applied to one of the following maturity options as selected by you:

1) a non-commutable annuity payable in equal monthly instalments commencing one month after the maturity date. The annuity will be payable to you for a period of 10 years certain and monthly thereafter for as long as you shall live. The amount of each monthly instalment is the greater of:
   a) the amount determined based on our annuity rates in effect at that time; and
   b) $1.00 of monthly income per $1,000 of the maturity benefit;
2) a lump sum payment to you;
3) any other maturity option that we may offer at the maturity date of your contract.

If your contract is non-registered or a TFSA and you have not selected a maturity option, we will automatically apply option (1).

6.6 RSP to RIF Conversion

If your contract is an RSP, you may convert it to a RIF at any time by providing notice to us. If your contract is a LIRA, LRSP or RLSP, it will be converted to a LIF, RLIF, LRIF, or PRIF in accordance with the applicable pension legislation. In this event:

1) the fund class units at the credit of your contract are transferred to the same fund class units of the RIF contract;
2) the retirement income payments must meet the minimum payment required under the Income Tax Act and our rules in effect at the time of conversion;
3) the beneficiary will remain the same unless we are notified otherwise;
4) the maturity date will remain the same;
5) the maturity benefit, death benefit and GWB guarantees will not be affected; and
6) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

If you do not provide notice to us and your RSP is in force on December 31st of the year you attain the maximum age for owning an RSP as prescribed by the Income Tax Act, we will automatically convert it to a RIF. All of the conditions as outlined above will apply and the retirement income payments will be based on the annuitant's age.

6.7 Death Benefit Date

The death benefit date will be the valuation date we receive sufficient notification of the death of the annuitant(s) and, if applicable, the joint life in accordance with our rules.

6.8 Death Benefit

We will pay a death benefit on the death of the last annuitant provided the contract is in force and the death occurs prior to the maturity date.

The death benefit will be determined effective the death benefit date and will be equal to the greater of:

1) the market value of the fund class units at the credit of your contract; and
2) the death benefit guarantee.

If (2) is greater than (1) a top up will be applied.

On receipt of sufficient proof of the last annuitant's death and of the claimant's right to the proceeds, we will pay the death benefit to the beneficiary(ies). The payment will be in one lump sum unless you make other arrangements.

There are no withdrawal fees applicable to the death benefit. The contract will terminate on the death of the last annuitant.

6.9 Death Benefit Guarantee

The death benefit guarantee is 75% of the sum of the deposits reduced proportionately for withdrawals.

The death benefit guarantee will not decrease as a result of a withdrawal to pay the Class Plus fee.

6.10 Contract Continuance on Death

6.10.1 Non-registered Contracts

If you have selected the joint tiered LWA option, the contract will automatically continue until the death of the last annuitant.

If you have selected the single tiered LWA option, your non-registered contract may continue following your death provided certain elections are made prior to your death.

Joint or Successor Owner

Joint owners are deemed to hold the contract as joint owners with right of survivorship, except in Quebec. If all owners predecease the annuitant, the successor owner (subrogated policyholder) will become the owner. If there is no successor owner (subrogated policyholder) named, the annuitant will become the contract owner.

Successor Annuitant

If you have selected the joint tiered LWA option, a successor annuitant cannot be named.

If you have selected the single tiered LWA option, you may name a successor annuitant at any time prior to the death of the annuitant. On the death of the annuitant, the successor annuitant will become the annuitant and the contract will continue with no death benefit payable at that time. You may remove a successor annuitant at any time.

On the death of the annuitant:

1) a reset of the death benefit guarantee is performed if the successor annuitant is less than 80 years old;
2) an income base reset is performed;
3) a bonus base reset is performed;
4) the LWA is changed immediately following (2) above to equal the single tiered LWA percentage based on the successor annuitant's age as of December 31st of the current calendar year. This may result in the LWA increasing or decreasing or being set to equal $0;
5) if the successor annuitant is younger than 55 as of December 31st of the current calendar year, the successor annuitant's LWA is set to equal $0 for the remainder of the current calendar year and any withdrawal made following the death of the annuitant will be considered an excess withdrawal;
6) if the successor annuitant is 55 or older as of December 31st of the current calendar year, cumulative withdrawals up to the greater of the annuitant's LWA and the successor annuitant's LWA will be available for the current calendar year without being considered excess withdrawals. The cumulative withdrawals include any withdrawals for the current calendar year received prior to the death of the annuitant.

The maturity date of the contract will not change.

The process as outlined above will apply even if the contract is in the guaranteed payment phase.

6.10.2 Registered Contracts

Joint or successor owners cannot be appointed on RSPs.

If your contract is a RIF and you have appointed your spouse or common-law partner as successor annuitant, your spouse or common-law partner will become the annuitant and contract owner on your death. The retirement income payments will continue to your spouse or common-law partner. The contract will continue with no death benefit payable at that time.

6.10.3 TFSA

If your contract is a TFSA, you may appoint your spouse or common-law partner as successor owner (subrogated policyholder). You may not appoint a joint owner. On your death, your spouse or common-law partner will automatically become the annuitant and contract owner. The contract will continue with no death benefit payable at that time.

6.11 Death Benefit Guarantee Resets

We reserve the right to change the reset feature at any time and without prior notice to you. We also reserve the right to cancel this feature at any time. We will provide notice to you 60 days prior to the cancellation of this feature.

The death benefit guarantee is reset automatically commencing on the third Class Plus anniversary date and every third Class Plus anniversary date thereafter prior to:

1) the annuitant's 80th birthday, if you have selected the single tiered LWA option; or
2) the earliest of the annuitant's or the joint life's 80th birthday (even if that person has died while the contract is in effect), if you have selected the joint tiered LWA option.

The last death benefit guarantee reset will occur automatically on:

1) the annuitant's 80th birthday, if you have selected the single tiered LWA option; or
2) the earliest of the annuitant's or the joint life's 80th birthday (even if that person has died while the contract is in effect), if you have selected the joint tiered LWA option.

If the Class Plus anniversary date or the annuitant's or joint life's 80th birthday is not a valuation date, the most recent valuation date prior to that date will be used for calculation purposes.

The new death benefit guarantee will be determined as if a complete withdrawal and a redeposit of the market value of the fund class units at the credit of your contract had occurred. If the new death benefit guarantee is greater than the current death benefit guarantee, the death benefit guarantee will be increased to equal the new death benefit guarantee. Otherwise, the death benefit guarantee will remain unchanged.

6.12 Withdrawals and the Guarantees

Whenever the term **"reduced proportionately"** is used throughout the information folder and contract provisions it means we will calculate a proportionate reduction based on the market value of the fund class units at the credit of your contract at the time of the transaction.

7. FEES AND CHARGES

7.1 General Information

Depending on the purchase fee option you have selected you may have to pay a sales charge at the time you make a deposit or pay a withdrawal fee at the time you make a withdrawal. There are currently three purchase fee options available under the terms of the contract – a front-end load option (**"FE option"**), the deferred sales charge option (**"DSC option"**), and the low load option (**"LL option"**). Deposits can be made under the FE option and the DSC option within the same contract. No other purchase fee option combinations are allowed.

The fee you pay for the maturity and death benefit guarantees is included in the management expense ratio (**"MER"**) of the fund(s) you have selected.

The fee you pay for the GWB is paid from the contract, through the withdrawal of fund class units.

7.2 Purchase Fee Options

7.2.1 FE Option

If you select the FE option, a sales charge of between 0% and 5% of your deposit is deducted at the time your deposit is made. The amount of your sales charge is negotiated between you and your advisor. The sales charge is deducted from your deposit and the net amount is applied towards the purchase of fund class units. We will pay a commission equivalent to the sales charge to your advisor.

The deposit amount (before the sales charge is deducted) is used for determining the maturity and death benefit guarantees and the income base for the GWB.

No withdrawal fees will apply should you make a withdrawal of some or all of the market value of the fund class units at the credit of your contract.

7.2.2 DSC and LL Options

If you select the DSC or LL option, 100% of your deposit is applied towards the purchase of fund class units. However, should you make a withdrawal a withdrawal fee may be deducted from the amount withdrawn in accordance with the withdrawal fee schedule. The withdrawal fee is calculated as a percentage of the original purchase price of the fund class units and the number of complete years from the date of deposit to the date of withdrawal. Withdrawals are processed on a "first-in first-out" basis and all deposits will be withdrawn before any increase in value. The original date of your deposit will not change when a switch occurs.

We will pay a commission to your advisor whenever a deposit is applied towards the purchase of fund class units.

7.3 Class Plus Fee

The fee you pay for the GWB, the **"Class Plus fee"**, is an insurance fee that is paid from the contract. The Class Plus fee is paid through a withdrawal of fund class units. The amount to be withdrawn from each fund will be determined based on a number of factors as outlined in the information folder. The withdrawal will be processed on the last valuation date of each month, after all transactions have been processed, but before any LWA recalculations, if applicable, occur.

Withdrawals to pay for the Class Plus fee will not reduce the maturity and death benefit guarantees or the income base. Additionally, this withdrawal will not be included in determining if excess withdrawals have occurred during the calendar year.

Withdrawals will not be made to pay the Class Plus fee during the guaranteed payment phase.

We reserve the right, without prior notice to you, to change how the Class Plus fee is calculated, the factors involved in the calculation, and the frequency of the collection of the Class Plus fee at any time, in accordance with our rules.

7.4 Excessive Short-Term Trading Fee

Excessive short-term trading is the frequent purchase, switch or withdrawal of fund class units. As segregated funds are considered long-term investments we discourage investors from excessive trading because it generates significant costs for a fund. This can reduce a fund's overall rate of return, which impacts all contract owners. As a result, in addition to any other fees and charges that may apply, we will deduct up to 2% of the transaction amount under the following conditions:

1) you request that a deposit or a switch be applied towards the purchase of fund class units of a fund within 90 days of withdrawing fund class units from the same fund;
2) you request a full or partial withdrawal of the market value of the fund class units from a fund within 90 days of acquiring them; or
3) you request a switch within 90 days of the most recent switch.

The fee will be paid to the associated fund to help offset the costs of excessive short-term trading. We also reserve the right to refuse to process the requested transaction under these same conditions. This additional fee will not apply to transactions that are not motivated by short-term trading considerations, such as:

1) scheduled withdrawals;
2) scheduled switches; or
3) other transactions in respect of which prior written approval has first been granted by our President, Secretary, or Chief Financial Officer.

7.5 Recovery of Expenses or Investment Losses

We reserve the right to charge you, in addition to any other applicable fees, for any expenses or investment losses incurred by us as a result of an error made by you, your advisor or a third party acting on your behalf.

7.6 Management Fees

All contract owners indirectly incur the costs associated with the management and operation of the segregated funds. These costs include the management fees and operating expenses which are incorporated into the MER. The MER is paid by the fund before the fund class unit value is calculated.

7.7 Empire for Life™ Loyalty Program

As a Class Plus 2.1 contract owner you may be eligible for our "Empire for Life" Loyalty Program (**"the program"**). The program recognizes individual investor loyalty by offering a management fee credit (**"MFC"**) to an investor who has invested for a continuous period of 10 years in certain Empire Life contracts and/or any Empire Life mutual fund offered by Empire Life Investments Inc. The Empire Life contracts currently included in the program are:

1) Empire Life Guaranteed Investment Funds 100/100;
2) Empire Life Guaranteed Investment Funds 75/100;
3) Empire Class Segregated Funds;
4) Class Plus 2;
5) Class Plus 2.1;
6) Elite Investment Program;
7) Elite XL Investment Program.

Any period of investment prior to the start date of January 9, 2012 will not qualify for the program.

Once you have qualified for the program and providing you continue to be invested, any subsequent investments in the eligible contracts or mutual funds will automatically qualify for the MFC under the same terms and conditions as for existing units.

The MFC will be equal to 5% of the annual management fee of the funds whose fund class units are attributed to your contract following the qualification period. The MFC will be used to purchase additional fund class units and will be allocated proportionately based on the market value of each fund that you are invested in on December 31st of each year. If December 31st is not a valuation date the last valuation date in the year will be used. The MFC is paid from the general funds of the company.

We reserve the right to, at any time and without prior notice to you, change or cancel the program, list of contracts included in the program, the conditions for eligibility and the calculation of the MFC.

8. VALUATION

8.1 Market Value of Fund Class Units

The market value of fund class units at the credit of your contract for a fund on any date will be equal to:

1) the fund class units for that fund at the credit of your contract; multiplied by
2) the fund class unit value for that fund on the valuation date coincident with or next following the date of determination.

8.2 Market Value of your Contract

The market value of your contract on any date will be the sum of:

1) the market value of all fund class units at the credit of your contract; and
2) any deposit that we have received, less any applicable sales charges, which has not yet been applied towards the purchase of fund class units.

8.3 Valuation Date and Fund Class Unit Values

On each valuation date fund class unit values are calculated for each fund. The fund class unit values will be effective for all transactions involving the acquisition or cancellation of fund class units of each fund since the last valuation date of the respective fund.

Deposits and requests for withdrawals or switches received prior to the cut-off time will receive the fund class unit value as determined by us on that valuation date. Deposits and requests for withdrawals or switches received after the cut-off time will receive the fund class unit value as determined by us on the next valuation date.

A fund class unit value is calculated by dividing the fund class proportionate share of the market value of the net assets of the fund attributable to all fund classes less operating expenses and management fees including taxes attributable solely to a fund class, by the number of fund class units of the respective fund outstanding on the valuation date.

The assets of a fund are valued to the extent possible at closing market prices on a nationally recognized stock exchange by financial pricing service companies, and in other cases, the fair market value as determined by Empire Life. We reserve the right to defer the valuation of a fund and calculation of a fund class unit value for a fund for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine a fund class unit value.

The funds themselves, the assets held in the funds and their income and accretions will at all times be and remain the sole property of the company. All income and accretions of a fund will be used to increase the assets of the respective fund. There is no participation in any surplus or profits of the company.

The fund class unit value of each segregated fund fluctuates with the market value of the assets of the fund and as a result the market value of fund class units at the credit of your contract is not guaranteed.

9. SEGREGATED FUNDS

9.1 General Information

There are various segregated funds available under the terms of your contract. Deposits to your contract are applied towards the purchase of fund class units as described in Section 2.2 Allocation of Deposits.

The funds and fund class(es) currently available under the terms of this contract are as outlined in the information folder.

9.2 Changes to Funds and Fund Classes

We reserve the right, at any time, at our discretion, and without advance notice to you, to:

1) change the funds available under your contract;
2) discontinue offering any fund or fund class;
3) limit or restrict deposits to any fund or fund class; and
4) change any limit or restriction.

We may also add new funds and/or fund classes to your contract at any time, You may, by providing notice to us and in accordance with our rules, direct your deposits to the new fund(s) or fund class(es). All terms and conditions as provided for under the terms of your contract will also apply to any new fund(s) or fund class(es).

9.3 Deleting Funds and Fund Classes

We reserve the right to delete funds or fund classes. In the event that a fund or fund class is deleted, you may, subject to any regulatory requirements that apply, select one of the following options:

1) transfer the value of the fund class units held in the deleted fund or fund class to acquire fund class units in any other fund or fund class offered under the contract at that time as described in Section 3, Switches; or
2) withdraw and transfer the value of the fund class units held in the deleted fund or fund class to any other annuity contract offered by us at that time; or
3) withdraw the fund class units held in the deleted fund or fund class as described in Section 4, Withdrawals.

No fees or charges are applied for a transfer or withdrawal of fund class units held in a fund or fund class to be deleted.

We will provide notice to you at least 60 days prior to the deletion date of a fund or fund class. The notice will be sent by regular mail to your address on our records. Switches or deposits into the fund or fund class being deleted may not be permitted during the notice period. If you do not provide us with written notification of the option you have selected at least five business days prior to the deletion date of a fund or fund class, we will automatically apply option (1) described above and transfer the value to one of the remaining funds and fund classes available under the contract. We will then select the fund and the fund class to which the value of the fund class units held in the deleted fund or fund class is transferred.

For the purpose of determining the value of the fund class units to be transferred or withdrawn from a fund or fund class that is to be deleted and, if applicable, the acquisition of fund class units in another fund or fund class under the terms of the contract, the effective date will be the first to occur of:

1) within three business days of receipt of your notice to us of the option selected; and
2) the deletion date of the fund or fund class.

9.4 Splitting of Fund Class Units

We may, at any time, elect to redetermine the number of fund class units in a fund. Any such redetermination will be accompanied by a revaluation of fund class units. The market value of fund class units at the credit of your contract in the respective fund as at the date of redetermination will remain the same before and after such redetermination.

9.5 Merger of Funds

We may, at any time, elect to merge a fund with another one or more of our funds. We will provide notice to you at least 60 days prior to the merger and of the options available to you as a result of the merger.

9.6 Fees and Expenses Paid by the Funds

Each fund pays fees and expenses related to the operation of that fund. These fees and expenses include but are not limited to management fees and operational expenses. Each fund class pays its proportionate share of the fees and expenses of the fund.

9.6.1 Management Fee

The annual management fee for each fund is outlined in the information folder. A management fee can only be changed after we have provided advance notice to you.

The management fee covers the charges related to professional investment management and the administration of a fund.

The management fee is subject to applicable taxes (e.g. the Goods and Services Tax (**"GST"**) or in some jurisdictions, the Harmonized Sales Tax (**"HST"**)). Management fees are calculated and accrued on a daily basis and paid to Empire Life on the next business day. The management fee for each fund in a fund class is calculated as a percentage of the fund's net asset value attributable to that fund class, which in turn reduces the fund class unit value.

9.6.2 Operational Expenses

Operational expenses are the fees and charges necessary for a fund to operate. Operational expenses are accrued on a daily basis and paid to Empire Life monthly.

9.6.3 MER

The MER is the total cost of investing in a fund in a fund class. The MER for each fund in a fund class is outlined in the fund fact statement.

The MER includes the management fee and operational expenses. The MER is paid by the fund class before the fund class unit value is calculated. The MER for each fund in a fund class is expressed as a percentage of the fund's average daily net asset value attributable to that fund class. The MER for a fund is disclosed annually in the audited financial statements.

9.7 Application of Earnings

All earnings of a fund are retained in that fund and used to increase the market value of the fund class units. Earnings may include but are not limited to interest, capital gains, dividends, and distributions. Reinvestment of earnings is required by the terms of our individual variable insurance contracts.

9.8 Fundamental Changes

A fundamental change includes:

1) an increase in the management fee of a fund;
2) an increase in the management fee of a secondary fund that results in an increase in the management fee of the segregated fund;
3) a change in the fundamental investment objectives of a fund;
4) a decrease in the frequency that fund class units are valued; and
5) an increase in the Class Plus fee if the increase is higher than the maximum allowable.

We will provide notice to you at least 60 days prior to making any fundamental change. The notice will outline what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to switch to a similar fund that is not subject to the fundamental change or to withdraw the market value of the fund class units at the credit of your contract in the affected fund. In this event any applicable fees and charges will be waived provided your notice to us advising of the option you have selected is received at least five days prior to the end of the notice period. You may also choose to remain in the affected fund. Switches to or deposits into the affected fund may not be permitted during the notice period.

10. RSP ENDORSEMENT

NOTE: These provisions only apply to your contract if you have requested that the contract be registered as an RSP under the *Income Tax Act* (Canada).

The following provisions form part of your contract and, if applicable, override anything to the contrary within the contract provisions if you have requested that your contract be registered under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation.

1) "You" and "your" refer to the contract owner and annuitant. "Annuitant" is as defined in the *Income Tax Act* (Canada).
2) "Spouse" or "common-law partner" is a person who is recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RSPs.
3) Retirement income payments under the contract may not be assigned in whole or in part.
4) In the event of your death prior to the settlement of the contract, the proceeds will be payable in one sum.
5) The right to select a retirement income is limited to those described in subsection 146(1) of the *Income Tax Act* (Canada).
6) Annuity payments to you, or to your spouse or common-law partner shall be in the form of equal annual or more frequent periodic payments and as specified in the *Income Tax Act* (Canada). Annuity payments may not be surrendered, commuted or assigned. However, in the event of your death, any remaining annuity payments must be commuted and paid in one sum to the beneficiary, if other than your spouse or common-law partner. If the beneficiary is your spouse or common-law partner, payment of the annuity will continue under the terms of the settlement selected and subject to the terms of the *Income Tax Act* (Canada). In no event may the total of such periodic payments in a year after your death exceed the total of periodic payments in a year before your death.
7) Notwithstanding paragraph 146(2)(a) of the *Income Tax Act* (Canada), if the company is given proof that there is tax payable under Part X.1 of the *Income Tax Act* (Canada), or, if applicable, a similar clause of a provincial act, then the company will refund to the contributor all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the market value of the contract. The company may require return of the contract for endorsement.

8) No "advantage" as defined under subsection 207.01(1) of the *Income Tax Act* (Canada) that is conditional in any way on the existence of this contract shall be extended to or received or receivable by you or to a person with whom you are not dealing at arm's length.

9) Your contract must mature on or before the latest date specified in the *Income Tax Act* (Canada) for RSPs.

10) No deposits may be made following the maturity date of your contract.

11) Prior to the maturity date and during your lifetime, you may request to withdraw some or all of the market value of the fund class units at the credit of your contract. The withdrawal will be made subject to the terms of this contract and the *Income Tax Act* (Canada).

12) We will transfer, in whole or in part, at your direction, the market value of your contract as determined in accordance with the contract provisions, together with all information necessary for the continuance of the RSP, to another company who has agreed to be a carrier of another RSP for you.

11. RIF ENDORSEMENT

NOTE: These provisions only apply to your contract if you have requested that the contract be registered as a RIF under the *Income Tax Act* (Canada).

The following provisions form part of your contract and, if applicable, override anything to the contrary within the contract provisions if you have requested that your contract be registered under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation.

1) "You" and "your" refer to the contract owner and annuitant. "Annuitant" is as defined in the *Income Tax Act* (Canada).

2) "Spouse" or "common-law partner" is a person who is recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RIFs.

3) No payments will be made from the contract except as provided within the contract provisions and as provided under Section 146.3 of the *Income Tax Act* (Canada).

4) Neither the ownership or any payment due may be assigned, in whole or in part.

5) On your death, except where your spouse or common-law partner becomes entitled to receive retirement income payments under the terms of your contract or the provisions of your will, we will pay the death benefit as provided in the contract provisions.

6) We will transfer, in whole or in part, at your direction, the market value of your contract as determined in accordance with the contract provisions, together with all information necessary for the continuance of the RIF, to another company who has agreed to be a carrier of another RIF for you. We will pay to you the balance of the minimum payment required under the RIF for the year in which the transfer is made in accordance with the *Income Tax Act* (Canada).

7) We will not accept deposits other than money transferred from one of the allowable sources as described under the *Income Tax Act* (Canada).

8) No "advantage" as defined under subsection 207.01(1) of the *Income Tax Act* (Canada) that is conditional in any way on the existence of this contract may be extended to or received or receivable by you or any person with whom you are not dealing at arm's length.

12. TFSA ENDORSEMENT

NOTE: These provisions only apply to this contract if the owner has made an election to register this contract as a TFSA under the *Income Tax Act* (Canada).

The following provisions form part of the contract, and if applicable, override anything to the contrary within the contract provisions.

1) This contract will cease to be a TFSA if it is not administered in accordance with the conditions in subsection 146.2(2) of the *Income Tax Act* (Canada), when the contract ceases to be a qualified arrangement, as defined in subsection 146.2(1) or when the last owner dies.

2) The contract will be maintained for the exclusive benefit of the owner. Any right of a person to receive a payment out of or under the contract will be disregarded except if payment is being made in respect of the owner's death.

3) No one other than the owner or the company will have any rights under the contract relating to the amount and timing of distributions and the investing of funds.

4) A contract ceases to be a TFSA on the death of the owner unless the owner's spouse or common-law partner has been appointed successor owner.

5) No one other than the owner may make deposits to the contract.

6) If the company is given proof that there is tax payable under section 207.02 or 207.03 of the *Income Tax Act* (Canada) then the company will refund to the owner all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the market value of the contract.

7) No deposits may be made after the maturity date of the contract.

8) On receipt of notice from the owner we will transfer, in whole or in part, the market value of this contract as determined in accordance with the contract provisions to another TFSA of the owner.

9) This contract is intended to be a TFSA for the purposes of the *Income Tax Act* (Canada). This contract will be administered, and all contributions, distributions, transfers, refunds and other payments under this contract shall be made in accordance with the *Income Tax Act* (Canada), including the conditions applicable to a qualifying arrangement that are set out in subsection 146.2(2) of the *Income Tax Act* (Canada). We reserve the right to amend this contract if such an amendment is required for this contract to maintain its TFSA status.

The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products, including mutual funds through our wholly-owned subsidiary Empire Life Investments Inc.

Empire Life is among the top 10 life insurance companies in Canada[1] and is rated A (Excellent) by A.M. Best Company[2]. Our mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security.

Follow Empire Life on Twitter @EmpireLife or visit our website, www.empire.ca for more information.

[1] Based on general fund and segregated fund assets in Canada as at December 31, 2015 as reported in regulatory filings

[2] As at May 27, 2016

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INV-944-ENG-11/16

Empire Life®

CLASS PLUS 2.1
INFORMATION FOLDER ADDENDUM

Effective April 20, 2015, the November 2014 version of the Class Plus 2.1 Information Folder is amended as outlined below. This Addendum forms part of the Information Folder.

8.3.1 Annual Fund Fee Rate

The annual fund fee rate table is amended to add the following:

Fund	Annual Fund Fee Rate
Empire Life Monthly Income GIF	1.40%

11.2 Segregated Funds Offered

The list of segregated funds offered under the Class Plus 2.1 contract (fund class Q) is amended to add the following:

Empire Life Monthly Income GIF

11.7.1 Management Fee

The table of Annual Management Fees is amended to add the following:

Annual Management Fees (excluding applicable taxes)

Fund	Annual Management Fee
Empire Life Monthly Income GIF	2.10%

13. Investment Policies

Section 13 Investment Policies is amended to add the following:

EMPIRE LIFE MONTHLY INCOME GIF

Investment Objective

The fundamental investment objective of the Empire Life Monthly Income GIF is to earn a consistent level of income by investing primarily in a balance of income-oriented Canadian equity and fixed income securities.

Principal Investment Strategies

In order to achieve its objective the fund may invest directly in securities or indirectly through the use of secondary fund(s). At this time the fund invests its assets primarily in the Empire Life Monthly Income Mutual Fund (the secondary fund).

The investment objective of the secondary fund is to provide a consistent level of income by investing primarily in a balance of income-oriented Canadian equity and fixed income securities.

The investment strategies of the secondary fund are to invest primarily in debt and income-oriented Canadian equity securities. The secondary fund may also invest in money market instruments. The secondary fund may also use derivative instruments.

Principal Risks

As the fund currently invests in a secondary fund, its exposure to risks is through its investment in the secondary fund. The principal risks of the fund are business risk, credit risk, interest rate movement risk, asset-backed and mortgage-backed securities risk, capital depletion risk, cash deposit risk, convertible securities risk, foreign currency risk, general derivatives risk, emerging countries risk, ETF risk, floating rate note risk, foreign investment risk, fund in fund risk, trust investment risk, large investor risk, liquidity risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, sovereign risk, special equities risk, and yield fluctuations risk.

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Effective November 2016 the November 2014 version of the Class Plus 2.1 Information Folder and Contract Provisions is amended as outlined below.

1.3.1 Correspondence to Us

The first sentence of the first paragraph is deleted and replaced with the following:

We ask that you send your correspondence to: The Empire Life Insurance Company, 259 King Street East, Kingston, ON, K7L 3A8.

11.11 Material Contracts and Facts

This section has been deleted and replaced with the following:

There have been no contracts entered into in the ordinary and normal course of business that can be reasonably regarded as material to contract owners. There are no other material facts relating to the investment policies that have not been disclosed in the folder.

CLASS PLUS 2.1 CONTRACT PROVISIONS

1.2 Contract

The last paragraph has been deleted and replaced with the following:

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for British Columbia, Alberta and Manitoba), the Limitations Act, 2002 (for Ontario), or other applicable legislation (for all other provinces and territories).

10. RSP ENDORSEMENT

Section 10. RSP Endorsement is amended to include the following:

12) We will transfer, in whole or in part, at your direction, the market value of your contract as determined in accordance with the contract provisions, together with all information necessary for the continuance of the RSP, to another company who has agreed to be a carrier of another RSP for you.

Certification

This is to certify that the Information Folder ("Folder"), as supplemented, provides brief and plain disclosure of all material facts relating to the Class Plus 2.1. contract issued by Empire Life. The Folder is for information purposes only and is not an insurance contract.

Mark Sylvia
President and Chief Executive Officer

Ron Friesen
Senior Vice-President and Chief Financial Officer

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