



INFORMATION CIRCULAR

DATE: MAY 27 2019

No. 2019-06

CATEGORY: INVESTMENTS

TO: Managing General Agents, Associate General Agents, Brokers, General Agents and National Accounts

SUBJECT: Limited Time Offer: 5% Annual Income Base Bonus on Class Plus 3.0 for 2019

Announcement Empire Life is pleased to announce a one-time increase of the Class Plus 3.0 Annual Income Base Bonus from 4% to 5% for all eligible Class Plus 3.0 contracts in 2019. The one-time increase in the Annual Income Base Bonus will be automatically applied to all Class Plus 3.0 contracts issued in 2017, 2018, and 2019, if no withdrawals are made in the 2019 calendar year, at the close of business on December 31st, 2019. The higher Annual Income Base Bonus of 5% builds even more potential guaranteed retirement income for your Class Plus 3.0 clients.

One-Time Increase to Class Plus 3.0 Income Base Bonus Rate for 2019 The Annual Income Base Bonus for Class Plus 3.0 will be increased from 4% to 5% for the 2019 calendar year only and be applied to all new and existing Class Plus 3.0 contracts. The bonus is not pro-rated so deposits made by December 31st, 2019 into an eligible Class Plus 3.0 contract will receive the full 5% Income Base Bonus. Advisors and their clients do not need to submit any paperwork or forms to receive the one-time 5% Income Base Bonus; it will be automatically applied to all eligible Class Plus 3.0 contracts. The Annual Income Base Bonus for all eligible Class Plus 3.0 contracts will be 4% in 2020.

Class Plus 3.0 Income Base Bonus eligibility & calculation All Class Plus 3.0 contracts will receive the one-time 5% Annual Income Base Bonus on December 31st, 2019, if no withdrawals have been made in 2019. The Class Plus 3.0 Income Base Bonus rate of 5% is multiplied by the Bonus Base on December 31st, 2019 (after all transactions have been processed) and then added to the Income Base. Please refer to the Class Plus 3.0 Information Folder and Contract Provisions (INV-1755) for more information on how the Income Base, Bonus Base, and the Income Base Bonus are calculated and applied.

Customer Notification A notice of the one-time change to the Class Plus 3.0 Income Base Bonus rate will be posted on our consumer website on May 28, 2019.

Frequently Asked Questions See the attached Frequently Asked Questions document for more information on the one-time Class Plus 3.0 Annual Income Base Bonus increase for 2019.

Reference Mike Stocks, Vice President and Chief Marketing Officer, Retail

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5% Annual Income Base Bonus on Class Plus 3.0 for 2019

FREQUENTLY ASKED QUESTIONS (FAQ)

1. What is happening?

Empire Life is increasing the Annual Income Base Bonus on all eligible Class Plus 3.0 contracts from 4% to 5% for 2019. The change is a one-time increase and is only applicable to the Annual Income Base Bonus applied to eligible contracts on December 31st, 2019. The Class Plus 3.0 Annual Income Base Bonus will be 4% for 2020.

2. Did Empire Life increase the Class Plus 3.0 bonus last year?

Yes, Empire Life did provide a one-time increase to the Class Plus 3.0 bonus for 2018. The increase in 2018 was announced in November and was applied to all eligible Class Plus 3.0 contracts on December 31st, 2018. The increase to the Class Plus 3.0 bonus in 2018 was a separate initiative from the one-time increase announced for 2019.

3. My client received the one-time 5% bonus in 2018, will they be eligible to receive the one-time bonus increase again in 2019?

Clients who received the one-time increase to the 2018 bonus will be eligible to receive the one-time increase in 2019 if no withdrawals are made in the 2019 calendar year.

4. Will Empire Life be changing the Class Plus 3.0 Annual Income Base Bonus again for 2020?

In 2020, for all Class Plus 3.0 contracts eligible for a bonus on December 31st, the Income Base Bonus will be 4% (as outlined in their Class Plus 3.0 Information Folder and Policy Provisions).

5. What Class Plus 3.0 contracts are eligible for the 5% Annual Income Base Bonus in 2019?

For 2019 only, the 5% Annual Income Base Bonus will be applied to ALL eligible new and existing Class Plus 3.0 contracts, if no withdrawals are made in 2019, regardless of whether the account was opened in 2017, 2018, or 2019.

6. When will the 5% Annual Income Base Bonus be applied?

Assuming your client has not made a withdrawal from their Class Plus 3.0 contract in the 2019 calendar year, the one-time 5% Annual Income Base Bonus will be applied to their contract on December 31st, 2019, after all transactions have been processed.

7. How is the Class Plus 3.0 Income Base Bonus calculated?

All Class Plus 3.0 contracts will receive the one-time 5% Annual Income Base Bonus on December 31st, 2019, if no withdrawals have been made in 2019. The Class Plus 3.0 Income Base Bonus rate of 5% is multiplied by the Bonus Base on December 31st, 2019 (after all transactions have been processed) and then added to the Income Base. Please refer to the Class Plus 3.0 Information Folder and Contract Provisions (INV-1755) for more information on how the Income Base, Bonus Base, and the Income Base Bonus are calculated and applied.

8. If my client opens up a new Class Plus 3.0 contract mid-year 2019, will the client receive the full 5% Annual Income Base Bonus?

Yes, your client will receive the 5% Annual Income Base Bonus if they open a Class Plus 3.0 contract any time in 2019, if no withdrawals are made in 2019. The Class Plus 3.0 Annual Income Base Bonus is NOT pro-rated.

9. If my client makes an additional deposit into their existing Class Plus 3.0 account in 2019, will they receive the full 5% Income Base Bonus on their deposit?

Your client will receive the 5% Annual Income Base Bonus on their entire Bonus Base, which is increased by any additional deposit(s), if no withdrawals are made in 2019.

10. Why is Empire Life changing the Class Plus 3.0 Income Base Bonus to 5% for 2019 only?

For 2019 only, Empire Life is increasing the Class Plus Annual Income Base Bonus to 5% to provide existing and new clients with the opportunity to increase their guaranteed retirement income potential. While no one can predict what will happen in financial markets, your clients may be concerned with recent short term market volatility. Offering clients a guaranteed retirement income solution allows you to give your clients peace of mind when it comes to their retirement.

11. Will Empire Life be changing the Annual Income Base Bonus for other Class Plus products?

No, Empire Life will not be changing the Annual Income Base Bonus for closed Class Plus products. This increase in the Annual Income Base Bonus from 4% to 5% is for eligible Class Plus 3.0 contracts only.

12. How will my clients be notified of this change?

A notification will be posted on the Empire Life consumer website.

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Please note that The Empire Life Insurance Company reserves the right to limit changes to the income base bonus percentage to new contracts issued on or after the effective date of such changes.

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