

DATE: April 2, 2020
CATEGORY: **Investments**
TO: Managing General Agents, Associate General Agents, Advisors, General Agents and National Accounts
SUBJECT: **Launch of Early Redemption Charge Recovery Credit Program**

N° 2020-11

Announcement

Effective Thursday, April 2nd, 2020, we are pleased to announce the launch of the Early Redemption Charge Recovery Credit Program. The Empire Life Early Redemption Charge Recovery Credit Program is being offered to support clients who wish to transfer funds to an eligible Empire Life product but have outstanding eligible early redemption charges* at their current financial institution.

Program Overview

The Early Redemption Charge Recovery Credit Program will provide recovery credits (in the form of additional units of Empire Life segregated funds) to clients equal to the early redemption charges they incurred when they redeemed their investments at the transferring institution. The purpose of the program is to assist clients who may wish to purchase an investment solution at Empire Life but do not want to incur a loss of capital to pay their early withdrawal fees.

Program Details

- Available for Empire Life GIF (75/75, 75/100, and 100/100) and Class Plus 3.0 products only
- Funds must be transferred from an external financial institution where the client has incurred early redemption charges
- External transfer and recovery credit deposits must be made into either the Deferred Sales Charge (DSC) or Low Load (LL) purchase fee option
- Recovery credit deposits cannot be split across multiple client accounts
- Recovery credits must equal the amount of early redemption charges incurred by the client (no partial recovery credits will be issued)
- All contracted Empire Life advisors are eligible to participate in the program; it is the responsibility of the MGA/Dealer to inform advisors if they do not wish to offer this program to their clients
- Recovery credits will only be processed if all requirements are received "In Good Order" within 30 days of the transfer being received at Empire Life

*early redemption charge refers to the deferred sales charge a financial institution imposes when a client redeems Low Load or Deferred Sales Charge mutual/segregated funds prior to the maturity of the applicable withdrawal fee schedule, or charges directly related to redeeming a GIC before its maturity. Administrative fees and costs imposed by a financial institution related to transfers out, closing of an account and other related costs are not included.

Recovery Credit Process

- I. The client(s) and advisor jointly decide to move investments from another financial institution with eligible early redemption charges over to an eligible Empire Life product.
- II. The client(s) and advisor jointly complete the required transfer application/forms and the *Empire Life Early Redemption Charge Recovery Credit Request* form requesting to have the early redemption charge recovered and credited to their Empire Life account.
- III. The external proceeds are transferred over to the Empire Life account and deposited into either the DSC or LL purchase fee option
- IV. The advisor submits the following required documentation to Empire Life within 30 days of the transfer being received:
 - o The signed and completed *Empire Life Early Redemption Charge Recovery Credit Request*
 - o A transaction confirmation showing the transaction as well as the early redemption charge by the previous financial institution
 - o A cheque paid by the advisor or MGA made payable to Empire Life equal to the entire early redemption charge amount
- V. Once all items are received and processed at Empire Life, the recovered early redemption charge amount is credited to the client(s)' Empire Life account

Reference

Geoff Gibson, Vice-President, Investment Products & Marketing

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