



## No Load Purchase Option

Available on:

Empire Life Guaranteed Investment Funds  
Empire Life Class Plus 3.0

### Give your clients flexibility without upfront purchase fees

You can offer the Empire Life No Load purchase option to clients who may be starting to save, are fee sensitive or want to access their funds. The No Load purchase option is available with all Empire Life Guaranteed Investment Funds (GIF) and Empire Life Class Plus 3.0.

You receive an upfront commission of 3.5% on all Empire Life funds. If your client withdraws more than the annual free withdrawal amount within 3 years of the deposit, a commission charge back will apply to you. However, no sales charges will apply to your client.



#### Client benefits:

##### No withdrawal fees:

- Clients can access their funds at any time without any sales charges
- Good for small accounts or clients starting to save—every dollar of their investment goes to work

##### Can be co-mingled with other option

- The No Load option can be added to new and existing GIF and Class Plus 3.0 accounts.



#### Advisor benefits:

##### Enhanced client experience:

- Allows you to offer your clients flexibility to access their funds without paying a withdrawal fee

##### 10%/20% chargeback free:

- Allows clients who want income or need access to their investments to withdraw funds without you incurring a chargeback

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# How commission chargeback and commission chargeback free units work

## Commission chargeback free units

- Commission Chargeback Free units are established at deposit and recalculated at the end of the calendar year
- Commission Chargeback Free units will not accumulate over time, if they are not used within year allotted they will be forfeited.
- Commission Chargeback Free units are only calculated on chargeback eligible units, this excludes any mature or otherwise free units
  - 10% Free units for Savings Plans – Non-registered, RSP, LIRA or TFSA
  - 20% Free units for Income Plans – RIF or LIF
- Commission chargebacks, and Commission Chargeback Free Units, are calculated at the Fund Level, not at the Account Level

### Glossary:

**Matured Units** – Units that have been on deposit for greater than 36 months and are no longer eligible for a commission chargeback

**Chargeback Free Units** – Units that have been on deposit for less than 36 months but are not eligible for a commission chargeback (10% Free on Savings Plans, 20% Free on Income Plans)

**Chargeback Eligible Units** – Units that are eligible for a commission chargeback, these will be switched or redeemed on a “First In, First Out” (FIFO) basis (e.g. oldest units first)

## Processing order for withdrawals and switches out

Withdrawals and switches are processed on a “First In, First Out” (FIFO) basis, with the oldest units being withdrawn or switched first.

**Note:** When a switch occurs into multiple funds, free units are not moved proportionally. The free units are moved with the first fund switched into, and if any free units remain, the next fund switched into. If an Advisor/Dealer would like to know the free units available within each of the new funds please email [investment@empire.ca](mailto:investment@empire.ca) or call customer service at 1 800 536-7683. Free units for the advisor’s chargeback are for information only, and the best interests of the customer should always be considered paramount.

## Commission chargebacks schedule

Commission chargebacks are pro-rated based on length of deposit

| Number of Months from Deposit Date | Chargeback Percentage | Number of Months from Deposit Date | Chargeback Percentage |
|------------------------------------|-----------------------|------------------------------------|-----------------------|
| 1-12                               | 100%                  | 25                                 | 48%                   |
| 13                                 | 96%                   | 26                                 | 44%                   |
| 14                                 | 92%                   | 27                                 | 40%                   |
| 15                                 | 88%                   | 28                                 | 36%                   |
| 16                                 | 84%                   | 29                                 | 32%                   |
| 17                                 | 80%                   | 30                                 | 28%                   |
| 18                                 | 76%                   | 31                                 | 24%                   |
| 19                                 | 72%                   | 32                                 | 20%                   |
| 20                                 | 68%                   | 33                                 | 16%                   |
| 21                                 | 64%                   | 34                                 | 12%                   |
| 22                                 | 60%                   | 35                                 | 8%                    |
| 23                                 | 56%                   | 36                                 | 4%                    |
| 24                                 | 52%                   | 37+                                | 0%                    |

# Commission chargeback execution case study

On January 2, 2020 Steve deposits \$100,000 into a single segregated fund (Fund 1) into a new RRSP account at a unit price of \$10, resulting in a unit balance of 10,000 units. 10% of these units (1,000) are immediately commission chargeback free. The total commission paid on the deposit is \$3,500 (\$100,000 x 3.50%)

**Note:** For the purpose of this example we will assume that the Net Asset Value (NAV) of each fund remains unchanged at \$10.00.

## 1. How a switch-out is processed:

On January 5, 2021, Steve and his advisor decide to diversify his RRSP account. They request to switch the market value of Fund 1 equally into four different funds (Funds 2, 3, 4 and 5 - \$25,000 each). The switch-out occurs systematically as shown below.

| Switch Out Date | Transaction Amount | Switch out Unit Price | Units Switched Out | Switch into new funds | Remaining Units in Fund 1 |
|-----------------|--------------------|-----------------------|--------------------|-----------------------|---------------------------|
| 05-Jan-21       | \$25,000           | \$10.00               | 2500               | Fund 2                | 7500                      |
| 05-Jan-21       | \$25,000           | \$10.00               | 2500               | Fund 3                | 5000                      |
| 05-Jan-21       | \$25,000           | \$10.00               | 2500               | Fund 4                | 2500                      |
| 05-Jan-21       | \$25,000           | \$10.00               | 2500               | Fund 5                | 0                         |

## 2. How a switch into new funds are processed:

All Commission Chargeback Free Units are moved into the first fund the switch is processed into and are not proportionately attributed to all funds. However, the original commission paid is proportionately split among each of the new funds. In this scenario, we are assuming Fund 2 was the first fund switch processed so 100% of the free units get assigned to that fund, as shown in the example below.

| Switch into Fund | Switch in Date | Transaction Amount | Switch In Unit Price | Total Units Switched in | Commission Chargeback Free Units Switched In | Commission Chargeback Eligible Units | Proportionate Commission |
|------------------|----------------|--------------------|----------------------|-------------------------|--|--------------------------------------|--------------------------|
| Fund 2           | 05-Jan-21      | \$25,000           | \$10.00              | 2500                    | 1000   | 1500                                 | \$875                    |
| Fund 3           | 05-Jan-21      | \$25,000           | \$10.00              | 2500                    | 0  | 2500                                 | \$875                    |
| Fund 4           | 05-Jan-21      | \$25,000           | \$10.00              | 2500                    | 0  | 2500                                 | \$875                    |
| Fund 5           | 05-Jan-21      | \$25,000           | \$10.00              | 2500                    | 0  | 2500                                 | \$875                    |

Additional Assumptions: 1. During the switch in/switch out process the unit prices of each fund determine the amount of commission chargeback free and chargeback eligible units. 2. There isn't a change in value as we are assuming the unit values are the same.

## 3. Redemption of units:

Now let's consider what happens when Steve chooses to redeem a portion of his investment on July 2, 2021 – 18 months after the original deposit.

### Commission Chargeback Calculation

$$\text{Commission} \times \frac{\text{Chargeable Units}}{\text{Original Units}}$$

Here are three scenarios for how the redemption can be processed and how the commission chargeback will be applied:

**Scenario 1:** Redemption is taken 100% from Fund 2 where all of the Commission Chargeback Free units are available.

| Fund Details                              | Fund 2       |
|---|--------------|
| Original Deposit Date                     | 02-Jan-20    |
| Redemption Amount                         | \$25,000     |
| Unit Price                                | \$10         |
| (A) Total Units                           | 2500         |
| Attributed Commission                     | \$875        |
| <b>How the redemption is processed</b>    |              |
| Units Sold                                | 2500         |
| Available Free Units                      | 1000         |
| (B) Chargeback eligible units             | 1500         |
| (C) Commission (76% x \$875) <sup>1</sup> | \$665        |
| <b>Chargeback (C x (B ÷ A))</b>           | <b>\$399</b> |
| Remaining Free Units                      | 0            |

**Scenario 2:** Redemption is taken from Fund 3 where no Commission Chargeback Free units are available.

| Fund Details                              | Fund 3       |
|---|--------------|
| Original Deposit Date                     | 02-Jan-20    |
| Redemption Amount                         | \$25,000     |
| Unit Price                                | \$10         |
| (A) Total Units                           | 2500         |
| Attributed Commission                     | \$875        |
| <b>How the redemption is processed</b>    |              |
| Units Sold                                | 2500         |
| Available Free Units                      | 0            |
| (B) Chargeback eligible units             | 2500         |
| (C) Commission (76% x \$875) <sup>1</sup> | \$665        |
| <b>Chargeback (C x (B ÷ A))</b>           | <b>\$665</b> |
| Remaining Free Units                      | N/A          |

**Scenario 3:** Redemption is taken equally from each of the four funds, where a portion of the redemption comes from Commission Chargeback Free units.

| Fund Details                              | Fund 2     | Fund 3          | Fund 4          | Fund 5          |                  |
|---|------------|-----------------|-----------------|-----------------|------------------|
| Original Deposit Date                     | 02-Jan-20  | 02-Jan-20       | 02-Jan-20       | 02-Jan-20       |                  |
| Redemption Amount                         | \$6,250    | \$6,250         | \$6,250         | \$6,250         |                  |
| Unit Price                                | \$10       | \$10            | \$10            | \$10            |                  |
| (A) Total Units                           | 2500       | 2500            | 2500            | 2500            |                  |
| Attributed Commission                     | \$875      | \$875           | \$875           | \$875           |                  |
| <b>How the redemption is processed</b>    |            |                 |                 |                 |                  |
| Units Sold                                | 625        | 625             | 625             | 625             |                  |
| Available Free Units                      | 1000       | 0               | 0               | 0               |                  |
| (B) Chargeback eligible units             | 0          | 625             | 625             | 625             |                  |
| (C) Commission (76% x \$875) <sup>1</sup> | \$665      | \$665           | \$665           | \$665           | Total Chargeback |
| <b>Chargeback (C x (B ÷ A))</b>           | <b>\$0</b> | <b>\$166.25</b> | <b>\$166.25</b> | <b>\$166.25</b> |                  |
| Remaining Free Units                      | 375        | N/A             | N/A             | N/A             |                  |

<sup>1</sup> Please refer to commission chargeback schedule on page 3 – 18 months post deposit results in a 76% commission chargeback.

## Commission Chargeback Summary

Any redemption should reflect the best interests of the investor, these scenarios are to help better understand how commission chargeback free units are processed.

|                       | Scenario 1 | Scenario 2 | Scenario 3 |
|-----------------------|------------|------------|------------|
| Commission Chargeback | \$399      | \$665      | \$498.75   |



## Empire Life No Load purchase option features

| Feature                       | Details   |
|-------------------------------|---|
| Deposit Commission            | 3.5%  |
| Deposit Commission Chargeback | For withdrawals made within 3 years after deposit   |
| Trailers Start                | 13th month  |
| Free withdrawal               | 10% of chargeback eligible units/year for savings plans<br>20% of chargeback eligible units/year for income plans                     |
| Chargeback schedule           | <ul style="list-style-type: none"> <li>• 1 - 12 months: 100%</li> <li>• 13 - 36 months: Prorated</li> </ul>                           |
| Eligible Products             | <b>New and existing:</b> <ul style="list-style-type: none"> <li>• GIF 75/75, 75/100, and 100/100</li> <li>• Class Plus 3.0</li> </ul> |



For more information contact your Empire Life sales representative or visit [empire.ca](http://empire.ca)

A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. Any 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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