

EMPIRE LIFE INFORMATION CIRCULAR

DATE: October 15, 2016

Nº. 2016-22

CATÉGORIE : COMPENSATION

TO : Managing General Agents, Associate General Agents, Brokers,
General Agents, Independent Financial Advisors and National Accounts

SUBJECT : **Revised Commission Schedule**

Attached please find an updated Commission Schedule. The Commission Schedule has been updated for the following:

Addition of the product commissions for

- Optimax Wealth
- Solution ART

Removal of references to:

- Trilogy
- Optimax
- Vital Link

Please reference Information Circular 2016-13 A New Product Line-Up for Empire Life – Coming This Fall

Steve MacCharles, Vice-President and Product Actuary

EMPIRE LIFE COMMISSION SCHEDULE

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GENERAL INFORMATION

Payments of the commissions shown in this Commission Schedule are subject to the terms of the applicable Advisor agreement between you and The Empire Life Insurance Company ("Empire Life") and to the following conditions:

1) Extra Premiums

On Individual Life and Individual Health plans, where extra premiums are charged for special hazards or health impairments, a first year commission rate of the lesser of 50% or the first year commission rate for the applicable plan, will be paid on these extra premiums. In subsequent policy years, the commission on these extra premiums will be in accordance with the Commission Schedule rates applicable to those years and plan types.

2) Chargebacks

If an Individual Life or Individual Health coverage lapses within the first twenty-four (24) months after issue, we will chargeback the compensation paid for each premium not received. Compensation includes First Year Commission and applicable bonus or override.

3) Joint First-to-Die and Joint Last-to-Die Products

Commissions are the same as for a single life at the Single Equivalent Age (SEA), for the plan and volume selected.

4) FundSERV

Compensation for investment product plans set out in this Commission Schedule does not apply to any plans settled using the FundSERV system or transacted through a Dealer (collectively, "FundSERV policies"). All compensation for FundSERV policies is payable to the MGA, AGA or National Account (collectively, "Dealer") according to the terms agreed upon by Empire Life and the Dealer. Dealers are responsible for paying any and all compensation for FundSERV policies to their Advisors according to the terms agreed upon by the Dealer and its Advisors. Empire Life is not responsible for paying any compensation to Advisors for FundSERV policies.

5) Group Conversions

Any placement that is the result of a client exercising a Group Conversion Option is ineligible for commissions or any other form of advisor compensation.

6) Conversion Rules

The following rules cover most occurrences, (please refer to Account Manager for situations not described):

- Conversion of policy less than two years old by original Advisor: the original policy is treated as a lapse, with normal chargeback of compensation. Full compensation is extended on the new policy.
- Conversion of policy less than two years old by different Advisor, original Advisor is active or terminated with compensation vesting: there is no chargeback of compensation to the original Advisor. The replacing Advisor receives compensation on the new case less the chargeback on the original case. The original Advisor will be notified of the replacement.
- Conversion of policy less than two years old by a different Advisor, and the original Advisor is no longer active, and compensation is not vested: the replacing Advisor receives compensation on the new case, less the chargeback on the original case.
- Conversion of policies older than two years: no chargebacks are involved, but notice will be given to the original active or terminated with vesting Advisor where a different Advisor is involved.

7) Internal Replacement Policy

The following rules cover most occurrences, (please refer to Account Manager for situations not described).

When a new policy replaces an existing policy, commissions paid on the new policy will be reduced based on following chart:

Replacement prior to receiving all premiums for:	Commissions on new policy will be reduced by:
Years 1 and 2	100% of the commission on the original case.
Year 3	75% of the commission on the original case.
Year 4	50% of the commission on the original case.
Year 5	25% of the commission on the original case.

Additional clarification concerning replacement of policies less than two years old:

Advisor is:	Impact on original Advisor	Impact on Replacing Advisor
Original Advisor	Greater of the normal chargeback or the 100% FYC restriction on the original case.	N/A
Different Advisor and the original Advisor is active or terminated with vesting.	Chargeback of compensation as per contractual agreement.	Commissions on new policy will be reduced by 100% of the commission on the original case.
Different Advisor and the original Advisor is not active and/or not vested.	N/A	Commissions on new policy will be reduced by 100% of the commission on the original case.

COMMISSION SUMMARY

(Note the Commission Summary is meant as a quick and convenient reference chart. For additional details please refer to the applicable section within the Commission Schedule).

Individual Life Insurance Plans and Individual Health Insurance Plans	Policy Years			
	1	2	3 to 5	6 Plus

ESTATEMAX

EstateMax Life Insurance Component	50%	5%	5%	2%*
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* The 6 Plus commission on EstateMax is only available on coverages sold through either an MGA or National Account.

OPTIMAX WEALTH

Optimax Wealth Life Insurance Component	50%	5%	5%	2%*
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* The 6 Plus commission on Optimax Wealth is only available on coverages sold through either an MGA or National Account.

SOLUTION SERIES

Solution ART	25%	10%	10%	10%*
Solution 10	45%	5%	5%	2%*
Solution 20	45%**	5%	5%	2%*
Solution 100	50%	5%	5%	2%*

* The 6 Plus commission on Solutions Series is only available on coverages sold through either an MGA or National Account and sold after January 1, 2007

** For the Term Exchange Program, the first year commissions are reduced to 25%

CI PROTECT

CI Protect	45%	5%	5%	2%*
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* The 6 Plus commission on CI Protect is only available on coverages sold through either an MGA or National Account.

Additional Benefits	70%	10%	10%	N/A
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Investment Product Plans and Investment Products attached to Individual Life and Health Products

Deposit Commission

Trailer Commission

SINGLE PREMIUM IMMEDIATE ANNUITIES AND TERM CERTAIN ANNUITIES OF 10 YEARS OR MORE (SPIAS)

First \$100,000 of cumulative premiums	2.25%	N/A
Next \$100,000 of cumulative premiums	1.50%	N/A
Excess over \$200,000 of cumulative premiums	0.75%	N/A

GUARANTEED INVESTMENT FUNDS (GIF) – 75/75, 75/100 AND 100/100 PLANS

Segregated Funds		See detail
DSC	2.32%	
Low Load (LL)	1.16%	
Front End Load (FE)	0 - 2.32%	

CLASS PLUS 2.1

DSC	2.32%	See detail
Low Load (LL)	1.16%	
Front End Load (FE)	0 - 2.32%	

GUARANTEED INTEREST CONTRACT (GIC)		
Daily Interest Option	N/A	0.54%
Guaranteed Interest Option	0.25% per year (same for reinvestments)	N/A
OPTION PLUS GROUP RSP		
Treasury Interest Option	0.30%	0.40%
Guaranteed Interest Option	0.25% per year sold	0.30%
Segregated Funds (excluding Money Market)	1.00%	see detail
Money Market	0.075%	0.10%
ESTATEMAX SIDE ACCOUNT		
	N/A	N/A
OPTIMAX WEALTH SIDE ACCOUNT		
	N/A	N/A

Note: Investment policies settled using the FundSERV system are excluded for consideration from this Commission Schedule. Compensation for these policies will be as detailed by the ancillary agreements that granted FundSERV accessibility.

INDIVIDUAL LIFE INSURANCE PLANS

ESTATEMAX

Life Insurance Component

Product	Policy Years		
	1	2 to 5	6 Plus
EstateMax 100 and EstateMax 20 Pay	50%	5%	2%*

* The 6 Plus commission on EstateMax is only available on coverages sold through either an MGA or National Account.

EstateMax Side Account

a) New Deposits Commission	N/A
b) Anniversary Trailer Commissions	N/A

OPTIMAX WEALTH

Life Insurance Component

Product	Policy Years		
	1	2 to 5	6 Plus
Optimax Wealth 100 and Optimax Wealth 20 Pay	50%	5%	2%*

* The 6 Plus commission on Optimax Wealth is only available on coverages sold through either an MGA or National Account.

Optimax Wealth Side Account

a) New Deposits Commission	N/A
b) Anniversary Trailer Commissions	N/A

Additional Life Insurance Products

Product	Policy Years		
	1	2 to 5	6 Plus
SOLUTION SERIES			
Solution ART	25%	10%	10%*
Solution 10	45%	5%	2%*
Solution 20	45%**	5%	2%*
Solution 100	50%	5%	2%*

* The 6 Plus commission on Solution Series is only available on coverages sold through either an MGA or National Account and sold after January 1, 2007

** For the Term Exchange Program, the first year commissions are reduced to 25%

Additional Benefits attached to Individual Life Policies	70%	10%	N/A
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Additional Benefits include Guaranteed Insurability Rider, Children's Life Rider, Children's Critical Illness Rider, Accidental Death & Dismemberment, Waiver of Premium.

Individual Health Insurance Plans

Product	Policy Years		
	1	2 to 5	6 Plus
CI Protect	45%	5%	2%*

* The 6 Plus commission on CI Protect is only available on coverages sold through either an MGA or National Account.

INVESTMENT PRODUCT PLANS

Single Premium Immediate Annuities and Term Certain Annuities of 10 Years or More (SPIAs)

New Deposits Commissions

a) First \$100,000 of cumulative premiums	2.25%
b) Next \$100,000 of cumulative premiums	1.50%
c) Excess over \$200,000 of cumulative premiums	0.75%

SPIA purchases, which are the result of a transfer from a pre-existing Empire Life policy, may be subject to commission adjustments in those instances where either market value adjustments or surrender charges are being waived to accommodate the SPIA purchase.

Guaranteed Investment Funds (GIF) – 75/75, 75/100 and 100/100 Plans

Segregated Funds

a) New Deposits Commission

DSC	LL	FE
2.32%	1.16%	Equal to Sales Charge divided by 2.15*

*Valid sale charges are 0% to 5%

b) Trailer Commissions

Fund	DSC	LL	FE
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MONEY MARKET FUNDS

Money Market GIF	0.06% before the Withdrawal Fee Schedule ends 0.11% after the Withdrawal Fee Schedule ends	0.11%
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FIXED INCOME FUNDS

Bond GIF	0.11% before the Withdrawal Fee Schedule ends 0.23% after the Withdrawal Fee Schedule ends	0.23%
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BALANCED FUNDS

Income GIF	0.23% before the Withdrawal Fee Schedule ends 0.46% after the Withdrawal Fee Schedule ends	0.46%
Balanced GIF		
Monthly Income GIF		
Dividend Balanced GIF		
Asset Allocation GIF		

EQUITY FUNDS

Dividend Growth GIF	0.23% before the Withdrawal Fee Schedule ends 0.46% after the Withdrawal Fee Schedule ends	0.46%
Canadian Equity GIF		
Elite Equity GIF		
Small Cap Equity GIF		
American Value GIF		
Global Equity GIF		
International Equity GIF		

EMBLEM GIF PORTFOLIOS

Emblem Diversified Income Portfolio GIF	0.17% before the Withdrawal Fee Schedule ends 0.34% after the Withdrawal Fee Schedule ends	0.34%
Emblem Conservative Portfolio GIF	0.23% before the Withdrawal Fee Schedule ends 0.46% after the Withdrawal Fee Schedule ends	0.46%
Emblem Balanced Portfolio GIF	0.23% before the Withdrawal Fee Schedule ends 0.51% after the Withdrawal Fee Schedule ends	0.51%
Emblem Moderate Growth Portfolio GIF	0.23% before the Withdrawal Fee Schedule ends 0.58% after the Withdrawal Fee Schedule ends	0.58%
Emblem Growth Portfolio GIF		
Emblem Aggressive Growth Portfolio GIF		

Additional Notes – Guaranteed Investment Funds (GIF)

- 1) Trailer Commissions
 - a) Paid monthly, (The Annual Trailer rate divided by twelve)
 - b) Based upon the Average Daily Balance during the month
 - c) DSC and LL trailer commission rates are based on each deposit date
- 2) Front-End (FE) Load Deposit Commissions range from 0% to 2.32% and are equal to the sales charge assessed against the deposit, divided by 2.15

Class Plus 2.1

Segregated Funds

- a) New Deposits Commission

DSC	LL	FE
2.32%	1.16%	Equal to Sales Charge divided by 2.15*

*Valid sale charges are 0% to 5%

- b) Trailer Commissions

Fund	DSC	LL	FE
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MONEY MARKET FUNDS

Money Market GIF	0.06%	0.06% before the Withdrawal Fee Schedule ends 0.11% after the Withdrawal Fee Schedule ends	0.11%
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FIXED INCOME FUNDS

Bond GIF	0.11%	0.11% before the Withdrawal Fee Schedule ends 0.23% after the Withdrawal Fee Schedule ends	0.23%
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BALANCED FUNDS

Income GIF	0.23%	0.23% before the Withdrawal Fee Schedule ends 0.46% after the Withdrawal Fee Schedule ends	0.46%
Balanced GIF			
Global Balanced GIF			
Monthly Income GIF			
Dividend Balanced GIF			
Elite Balanced GIF			
Asset Allocation GIF			

EMBLEM GIF PORTFOLIOS

Emblem Diversified Income Portfolio GIF	0.17%	0.17% before the Withdrawal Fee Schedule ends 0.34% after the Withdrawal Fee Schedule ends	0.34%
Emblem Conservative Portfolio GIF	0.23%	0.23% before the Withdrawal Fee Schedule ends 0.46% after the Withdrawal Fee Schedule ends	0.46%
Emblem Balanced Portfolio GIF	0.23%	0.23% before the Withdrawal Fee Schedule ends 0.51% after the Withdrawal Fee Schedule ends	0.51%
Emblem Moderate Growth Portfolio GIF	0.23%	0.23% before the Withdrawal Fee Schedule ends 0.58% after the Withdrawal Fee Schedule ends	0.58%
Emblem Growth Portfolio GIF			

Additional Notes – Class Plus 2.1

1) Trailer Commissions

- a) Paid monthly, (The Annual Trailer rate divided by twelve)
- b) Based upon the Average Daily Balance during the month
- c) LL trailer commission rates are based on each deposit date

2) Front-End (FE) Load Deposit Commissions can range from 0% to 2.32% and are equal to the sales charge assessed against the deposit, divided by 2.15

Guaranteed Interest Contract (GIC)

1) Daily Interest Option

- Trailer Commissions 0.54% (annual rate)
- a) Paid monthly (Annual Trailer rate divided by 12)
 - b) Based on the Average Daily Balance during the month
 - c) Trailer commissions are ineligible for bonus

2) Guaranteed Interest Option

- a) New Deposits Commissions & Reinvestments

Investment Term	Commission Rate	Investment Term	Commission Rate
30 days	$30/365 \times 0.25\%$	90 days	$90/365 \times 0.25\%$
180 days	$180/365 \times 0.25\%$	—	—
1 year	0.25%	1.5 year	0.375%
2 year	0.50%	2.5 year	0.625%
3 year	0.75%	3.5 year	0.875%
4 year	1.00%	4.5 year	1.125%
5 year	1.25%	5.5 year	1.375%
6 year	1.50%	6.5 year	1.625%
7 year	1.75%	7.5 year	1.875%
8 year	2.00%	8.5 year	2.125%
9 year	2.25%	9.5 year	2.375%
10 year	2.50%	—	—

Option Plus Group RSP

1) Treasury Interest Option

- a) New Deposits Commission 0.30%
- b) Anniversary Trailer Commissions 0.40%

2) Guaranteed Interest Option

- a) New Deposits Commission

Investment Term	Commission Rate	Investment Term	Commission Rate
1 year	0.25%	1.5 year	0.375%
2 year	0.50%	2.5 year	0.625%
3 year	0.75%	3.5 year	0.875%
4 year	1.00%	4.5 year	1.125%
5 year	1.25%	6 year	1.50%
10 year	2.50%	—	—

- b) Anniversary Trailer Commissions 0.30%

The Guaranteed Interest Option's Anniversary Trailer Commissions are based upon the accumulated value of certificates that were the result of a reinvestment; (i.e. the certificate has passed its first reinvestment date).

3) Segregated Funds (excluding Money Market)

- a) New Deposits Commission 1.00%
- b) Trailer Commissions
 - i) For policies administered under the Managing General Agents Agreement and issued after July 20th, 2008
 - (1) The Annual Trailer Rate is 0.40%
 - (2) Trailer Commissions are paid monthly.
 - (3) Trailer Commission will be based upon total value of Segregated Funds, (excluding Money Market), less Segregated Fund deposits in the last twelve months multiplied by The Annual Trailer rate divided by twelve.
 - ii) For policies issued prior to July 21st, 2008 or administered under either the General Agent's Agreement or Producer's Agreement.
 - (1) The Trailer is classified as an Anniversary Trailer Commission
 - (2) The Annual Trailer Rate is 0.85%
 - (3) Trailer Commissions are paid annually.
 - (a) For money purchase pension plans, trailer commissions are paid at the end of the plan year on the entire group.
 - (b) For RRSPs, trailer commissions are calculated and paid based upon the anniversary date of each member's certificate.
 - (4) Trailer Commission will be based upon total value of Segregated Funds, (excluding Money Market), less Segregated Fund deposits in the last twelve months multiplied by The Annual Trailer rate.

4) Money Market

- a) New Deposits Commission 0.075%

Surrenders from the Money Market Fund within three months of the deposit date will be subject to full commission chargeback.

b) Trailer Commissions

- i) For policies administered under the Managing General Agents Agreement and issued after July 20th, 2008
 - (1) The Annual Trailer Rate is 0.10%
 - (2) Trailer Commissions are paid monthly.
 - (3) Trailer Commission will be based upon total value of Money Market less Money Market deposits in the last twelve months multiplied by The Annual Trailer rate divided by twelve.
- ii) For policies issued prior to July 21st, 2008 or administered under either the General Agent's Agreement or Producer's Agreement.
 - (1) The Trailer is classified as an Anniversary Trailer Commission
 - (2) The Annual Trailer Rate is 0.10%
 - (3) Trailer Commissions are paid annually.
 - (a) For money purchase pension plans, trailer commissions are paid at the end of the plan year on the entire group.
 - (b) For RRSPs, trailer commissions are calculated and paid based upon the anniversary date of each member's certificate.
 - (4) Trailer Commission will be based upon total value of Money Market less Money Market deposits in the last twelve months multiplied by The Annual Trailer rate.

Additional Notes – Option Plus Group RSP

1) Option Plus Group RSP Anniversary Trailer Commissions are calculated on the accumulated value of the investment option at the policy anniversary date less all deposits made during the preceding twelve months.

- a) For money purchase pension plans, trailer commissions are paid at the end of the plan year on the entire group.
- b) For RRSPs, trailer commissions are calculated and paid based upon the anniversary date of each member's certificate.

2) Transfers between investment options do not generate New Deposits Commissions.

3) Funds surrendered from a Segregated Fund, (excluding Money Market), within one year of the Segregated Fund deposit date.

- a) An unearned commission chargeback will be assessed. The chargeback will equal the commission paid multiplied by the number of months remaining from the surrender date to the end of the initial year on deposit. Partial months count as a full month for the purposes of this calculation.

4) Transfer from Guaranteed Interest Option to Other Investment Option

- a) If the source of the funds is Guaranteed Interest Options transferring prior to the end of the investment term then the following will occur:
 - i) Any unearned commission will be charged back against the advisor. Unearned commission is equal to the commission rate per year of investment for the term selected multiplied by the number of complete months remaining in the term divided by twelve.
 - ii) Guaranteed Interest Options funds currently receiving Anniversary Trailer Commissions are not subject to an unearned commission chargeback.

5) Transfer to a Single Premium Immediate Annuity

- a) Full SPIA commission is payable
- b) If the source of the funds is Guaranteed Interest Options transferring prior to the end of the investment term then the following will occur:
 - i) No Market Value Adjustment will be assessed against the client.
 - ii) Any applicable Interest Adjustments will be assessed.
 - iii) Any unearned commission will be charged back against the advisor. Unearned commission is equal to the commission rate per year of investment for the term selected multiplied by the number of complete months remaining in the term divided by twelve, (Guaranteed Interest Options funds currently receiving Anniversary Trailer Commissions are not subject to an unearned commission chargeback).

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