

EMPIRE LIFE INFORMATION CIRCULAR

DATE: JULY 10, 2023

No. 2023-18

CATEGORY: INVESTMENTS

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

SUBJECT: Empire Life boosts the return on its money market fund, targeting 4.5%

Announcement Starting July 1, 2023 and ending December 31, 2023, Empire Life is providing a temporary increase in the annualized return targeting 4.5% for the Empire Life Money Market Fund. This is being achieved by temporarily waiving part of the money market fund management fees for each fund class. Empire Life will continuously review the situation throughout 2023*.

*While our target is to provide the annualized 4.5% rate of return, Empire Life may, at its discretion, at any time and without prior notice, increase or decrease the amount of the money market management fee waived, which will therefore affect the rate of return.

While Empire Life cannot guarantee an exact annualized return of 4.5% or higher (as the return of the fund fluctuates daily dependent on the return of the underlying portfolio) it is our intention to achieve the target rate by waiving part of the management fee of each fund class by an amount that would achieve the target rate at the time the waiver is established.

Also, certain Empire Life Money Market Fund classes (Class Plus, Class Plus 2, Class Plus 2.1, and Class Plus 3.0) charge a separate insurance fee in addition to management fees and operating expenses. For these fund classes, the Empire Life Money Market Fund return will target 4.5%, however, the customer's actual rate of return will be less (due to the collection of the insurance fees).

We are pleased to be delivering this initiative without any negative impact to your compensation. Empire Life is committed to providing new and existing clients with a "safe haven" while allowing them to take advantage of the current market environment.

Background Money market funds provide a "safe haven" while clients decide their investment options. Higher interest rates, inflation and market uncertainty, have created a challenging environment and caused many clients to seek safer investment options while still wanting higher yields.

Customer Notification An announcement will be posted on our customer website in July. This temporary action does not affect any guarantees or features of the Empire Life Guaranteed Investment Funds contract.

Attachments Frequently Asked Questions document

Reference Geoff Gibson, Vice-President, Retail Investment Products and Marketing

Empire Life boosts return on its money market fund, targeting 4.5%

Advisor FAQ



1. What is happening?

Empire Life is boosting the return on the Empire Life Money Market Fund (Money Market fund) and targeting a 4.5% annualized return. This is achieved by temporarily waiving part of the money market management fees for each respective fund class, starting July 1, 2023, and ending December 31, 2023. Our goal is to allow you to offer new and existing clients the benefits of segregated fund guarantees and an attractive yield on their investments.

2. What does the Money Market Fund invest in?

In order to achieve its investment objectives, the Empire Life Money Market Fund invests in short-term securities such as treasury bills, short-term debt issued by governments and their agencies, short-term notes issued by Canadian Chartered Banks, Corporations and Trust Companies, as well as in floating rate notes issued by Canadian Corporations.

3. How much of the Money Market fund management fee will be waived?

The initial waiver starting July 1 will average approximately 70% of the management fee of each fund class. Empire Life will continuously review the situation throughout the 6-month period and may adjust that percentage occasionally.

4. Will my compensation be impacted by the temporary Money Market fund management fee waiver?

No, your compensation will not be impacted by the management fee waiver. The Money Market fund purchase fee compensation and trailer commission rates will remain the same.

5. Will you guarantee the 4.5% annualized return?

While Empire Life cannot guarantee that temporarily waiving part of the management fee will result in a return of 4.5% or higher (as the return of the fund fluctuates daily, dependent on the return of the underlying portfolio), we intend to achieve the target rate by waiving part of the management fee of each fund class by an amount that would achieve the target rate at the time the waiver is established.

6. Will all Money Market Fund classes target the 4.5% annualized return?

All Money Market fund classes will have a target rate of 4.5%. However, certain Empire Life Money Market Fund Classes (Class Plus, Class Plus 2, Class Plus 2.1, and Class Plus 3.0) charge a separate insurance fee in addition to management fees and operating expenses. The Empire Life Money Market fund return will target 4.5% for these fund classes. However, the customer's actual rate of return will be less (due to the collection of the insurance fees).

7. What happens if interest rates increase for the remainder of 2023? And what happens if interest rates go down?

Empire Life will continue to monitor the situation closely throughout the 6-month period. While our target is to provide the annualized 4.5% rate of return, Empire Life may, at its discretion, at any time and without prior notice, increase or decrease the amount of the Money Market management fee waived, which will therefore affect the rate of return.

8. Are customers' Maturity Benefit and Death Benefit Guarantees impacted by this change?

No, a customer's Maturity Benefit and Death Benefit Guarantees are not impacted. The guarantees in their segregated fund contracts are only impacted when withdrawals are made.

9. Will you be communicating the increase in target return by the temporary waiver of Money Market management fees to customers?

Empire Life will be posting a notice on our consumer website in July 2023, advising new and existing customers of the increase in target return by the temporary waiver of Money Market management fees.

Please visit us at empire.ca to learn more about Empire Life's products.

Commissions, trailing commissions, management fees and expenses all may be associated with segregated fund investments. Investments are not guaranteed, their values change frequently, and past performance may not be repeated. **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.** A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. Segregated Fund policies are issued by The Empire Life Insurance Company.

FOR ADVISOR USE ONLY

® Registered trademark of The Empire Life Insurance Company. Policies are issued by The Empire Life Insurance Company.

The Empire Life Insurance Company

259 King Street East, Kingston, ON K7L 3A8

Insurance & Investments – Simple. Fast. Easy.
empire.ca info@empire.ca 1 877 548-1881

