

ELITE & ELITE XL INVESTMENT PROGRAM

INFORMATION FOLDER
AND POLICY PROVISIONS

This document contains the information folder and the policy provisions for the Elite & Elite XL Investment Program Plans. The information folder is for information purposes only and is not an insurance contract.

JULY 2014



KEY FACTS FOR THE ELITE AND ELITE XL INVESTMENT PROGRAM PLANS

This summary provides a brief description of the basic things you should know before you apply for this individual variable insurance contract. This summary is not your contract. A full description of all the features and how they work is contained in this Information Folder and the Policy Provisions. In this summary we refer you to different page numbers for more details. These page numbers are in the Information Folder. You should review these documents and discuss any questions you have with your Advisor.

What am I purchasing?

You are purchasing either an Elite Investment Program or an Elite XL Investment Program policy. These are individual variable insurance contracts issued by The Empire Life Insurance Company (“Empire Life”).

You can:

- Choose to pay your premiums as a lump sum or monthly;
- Choose between different Investment Options;
- Choose a Maturity Benefit Guarantee;
- Choose between a registered, non-registered or Tax-Free Savings Account plan;
- Name a person to receive the Death Benefit; and
- Choose to receive income payments now or later.

Your choices may affect your taxes. Ask your Advisor to help you make your decisions.

The value of your policy can go up or down subject to the guarantees.

What guarantees are available?

Premiums credited to the Interest Investment Options are fully guaranteed.

Your policy has Maturity and Death Benefit Guarantees on premiums paid to the Segregated Funds Investment Option.

Any withdrawals you make will reduce the Maturity and Death Benefit Guarantees. For full details on how the Guarantees work see “Death Benefit”, “Maturity Benefit Value” and “100% Maturity Guarantee Benefit Option” on pages 11 and 13.

You may be able to increase your Guarantees by resetting. This may change your Maturity Date. For full details on Maturity and Death Benefit Guarantee resets, see “Resets” on page 14.

Segregated Funds Maturity Benefit Guarantee

You will receive the Maturity Benefit on the Maturity Date. For full details see “Maturity Date” on page 12. On this date, you will receive the greater of:

- the market value of the Segregated Funds Investment Option; or
- 75% of all the premiums you paid to the Segregated Funds Investment Option.

You can choose to have a 100% Maturity Benefit Guarantee. An extra fee will apply. For full details on how the 100% Maturity Guarantee Benefit Option works, see “100% Maturity Guarantee Benefit Option” on page 13.

Segregated Funds Death Benefit Guarantee

If you die before the Maturity Date, the Death Benefit will be paid to the person you name as the beneficiary.

The Death Benefit will be the greater of:

- the market value of the Segregated Funds Investment Option; or
- 100% of all the premiums you paid to the Segregated Funds Investment Option.

For full details on how the Maturity and Death Benefit Guarantees work see “Death Benefit” on page 11 and “Maturity Benefit Value” on page 13.

What investments are available?

You can invest in Segregated Funds, Guaranteed Interest Options and the Treasury Interest Option. The Guaranteed Interest Options and Treasury Interest Option are Interest Investment Options. The Maturity and Death Benefit Guarantees only apply to Segregated Funds.

The Segregated Funds are described in the Fund Facts.

While there are certain benefit guarantees for the Segregated Funds, Empire Life does not guarantee the performance of Segregated Funds. Carefully consider your tolerance for risk when you choose your investment option(s).

How much will this cost?

The full amount of your premium is applied to the investment option(s) that you have chosen.

Management fees and expenses are deducted from the Segregated Funds. These fees and expenses are called the Management Expense Ratio (MER). The MER is shown on the Fund Facts for each Fund. The MER is deducted before the Unit Value is calculated. For full details on the fees and expenses, see “Fees and Expenses Paid by the Funds” on page 18.

If you choose to have the 100% Maturity Guarantee Benefit Option, there is an annual fee. For full details on the fee, see “100% Maturity Guarantee Benefit Option” on page 13.

If you request certain transactions such as withdrawals and transfers, there may be a fee charged. There may be charges for excessive trading. For full details on the fees, see “Fees and Charges” on page 8.

What can I do after I purchase this policy?

If you want, you can do any of the following:

Transfer

You may transfer from one Fund to another. You can also transfer funds between the Segregated Funds Investment Option and the Interest Investment Options. For full details on transfers, see “Transfer Features” on page 6.

Withdraw

You can withdraw money from your policy. Withdrawals from the Segregated Funds will affect your Benefit Guarantees. You may have to pay a fee and/or taxes. For full details on withdrawals, see “Surrender Features” on page 7.

Deposit

You can make lump sum or regular monthly payments. For full details on premiums, see “Deposits to the Plan” on page 3.

Reset

If the value of your Segregated Fund investments goes up, you can reset your guarantees. You may have to change your Maturity Date in order to reset your guarantees. For full details on resets, see “Resets” on page 14.

Maturity Options

There are different options available to you at the Maturity Date of your policy. If you do not choose a Maturity Option, we will start making payments to you. For full details about the Maturity Options, see “Maturity Options” on page 12.

Certain restrictions and other conditions may apply. Review the Information Folder and Policy Provisions for your rights and obligations. Discuss any questions you have with your Advisor.

What information will I receive about my policy?

We will, at least once a year, send you a statement that will show the value of your investments and all of the transactions you have made during that year.

More detailed information, including the audited financial statements for the Segregated Funds, is available at your request.

Can I change my mind?

Yes, you can change your mind about deposits to the Segregated Funds Investment Option. This is called a rescission right. Subject to set limits, you can cancel a deposit you have made to the Segregated Funds Investment Option.

To do this, you must tell us in writing within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after we have mailed it.

The amount returned will be the lesser of the premium you paid or the value of your investment if it has gone down in value.

If you change your mind about a specific deposit, the right to cancel only applies to that deposit.

Deposits to the Interest Investment Option and regular monthly deposits to the Segregated Funds Investment Option cannot be rescinded.

For full details about the Rescission Rights, see page 4.

Where can I get more information?

You may call us at 1 800 561-1268 or send us an e-mail to customerservice@empire.ca. Information about the Company and the products and services we provide is on our web site at www.empire.ca.

For information about handling issues you are unable to resolve with the Company, contact the OmbudService for Life and Health Insurance at 1 800-268-8099 or on the internet at www.olhi.ca.

Empire Life is a member of Assuris. Assuris is the not for profit organization that protects Canadian policyholders in the event their life insurance company fails. Details about Assuris' protection are available at www.assuris.ca or by calling the Assuris Information Centre at 1-866-878-1225.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators at www.ccir-ccra.org.

Any part of the deposit or other 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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INTRODUCTION

The Empire Life Insurance Company (“Empire Life”) is federally incorporated in Canada. It is a stock company that was incorporated under Letters Patent granted by the Province of Ontario in 1923, to transact the business of life insurance, including the business of annuities, and continued as a federal corporation by Letters Patent in 1987. The Insurance Companies Act (Canada) governs its operations. Our Corporate Head Office is located at 259 King Street East, Kingston, Ontario, K7L 3A8.

The Information Folder for an individual variable insurance contract provides a description of the key features of the Plan being considered. Our individual variable insurance contracts are offered primarily through licensed life insurance agents or financial planners, investment fund dealers or stockbrokers who are contracted with Empire Life and are also licensed to sell life insurance products.

This document contains the Information Folder (excluding the Fund Facts) and the Policy Provisions for the Elite and Elite XL Investment Program Plans. Delivery of the Policy Provisions does not constitute our acceptance of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice is sent once we have received all of the required documents and the initial deposit.

The Elite and Elite XL Investment Program Plans are deferred annuity plans that contain Maturity Options including the option to receive an immediate annuity. The Elite and Elite XL Investment Program Plans provide guarantees payable at the Maturity Date or on the death of the last Annuitant. Both of these plans are individual variable insurance contracts.

Each Segregated Fund offered by Empire Life is established and maintained in accordance with Section 451 of the Insurance Companies Act (Canada). The assets of each Segregated Fund are owned by Empire Life and they are segregated from the other assets of Empire Life for the exclusive benefit of the Contract Owners whose premiums have been applied to acquire Fund Class Units in the Segregated Funds. The Segregated Funds are not separate legal entities. Each Segregated Fund is divided into Fund Class Units and those Fund Class Units are attributed to individual Plans for the purpose of determining benefits under those Plans. The Contract Owner acquires no direct claim on the Fund Class Units, only on the benefits provided for in the provisions of the Plan purchased. Fund Class Units attributed to an individual’s Plan are acquired and subsequently cancelled when required by the terms of the Plan. A Contract Owner is not a shareholder or member of Empire Life and, as such, is not entitled to any voting rights. The rights of the Contract Owner are limited to those contained in the Plan applied for.

Any part of the premium(s) or other amount that is allocated to a Segregated Fund is invested at the risk of the Owner and may increase or decrease in value.

CERTIFICATION

This is to certify that this Information Folder (“Folder”) including the Fund Facts provides brief and plain disclosure of all material facts relating to the Elite and Elite XL Investment Program plans issued by Empire Life. The Folder is incomplete unless the Fund Facts have been received with it. The Folder is for information purposes only and is not an insurance contract.



Mark Sylvia

President and Chief Executive Officer



Gary McCabe

Senior Vice-President and Chief Financial Officer

THE ELITE AND ELITE XL INVESTMENT PROGRAM PLANS

Definitions

Where used throughout this Folder:

“**Annuitant**” shall mean the individual on whose life any benefits payable, including the Segregated Funds Guaranteed Maturity and Death Benefits, are based;

“**deposit(s)**” shall mean the premium amounts paid to the Plan either directly or as a transfer from another policy with Empire Life or from another financial institution;

“**Fund Class**” shall mean the notional division of a Segregated Fund for the purposes of determining the management fee and the Segregated Funds Guaranteed Maturity and Death Benefits. We currently offer Fund Class A only under the Elite and Elite XL Investment Program Plans;

“**Fund Class Units**” shall mean Fund Class A Units of a Fund;

“**Fund Class Unit Value**” shall mean the value calculated for a Fund Class A Unit of a Fund on each valuation date;

“**Fund Facts**” shall mean the disclosure document that forms part of this Information Folder and, for specified information within the Fund Facts, part of the contract;

“**Income Tax Act**” shall mean the *Income Tax Act* (Canada) as amended;

“**last Annuitant**” shall mean the Annuitant, or if there is a Successor Annuitant, the last surviving Annuitant;

“**notice to us**” shall mean notice in writing, by any electronic means acceptable to us, or in any other form we may have approved and received at our Head Office;

“**notice to you**” shall mean written notice sent by regular mail from us to you at your last known address according to our records;

“**Plan**” shall mean either the Elite Investment Program or the Elite XL Investment Program;

“**savings plan**” shall mean a non-participating deferred annuity;

“**secondary fund**” shall mean a fund that a Segregated Fund may invest in in order to achieve its objectives;

“**Segregated Fund(s)**” and “**Fund(s)**” shall mean and include any one or all of the Segregated Funds and their respective Fund Classes that are available under the terms of the Plan at any time;

“**valuation date**” shall mean each day that Empire Life is open for business and a value is available for the underlying assets of the Funds;

“**we**”, “**us**”, “**our**”, “**the Company**”, and “**Empire Life**” shall mean The Empire Life Insurance Company, and for purposes of a TFSA, the issuer of the TFSA;

“**withdrawal**” shall mean income payments, full or partial surrenders, automatic partial surrenders, transfers between investment options, or transfers out of the Plan;

“**you**”, “**your**”, “**Owner**” and “**Contract Owner**” shall mean the legal owner of this Elite or Elite XL Investment Program contract and, for purposes of a TFSA, the holder of the TFSA.

About the Plan

General

The Plan is an individual investment plan that may be applied for as a savings plan or as a Registered Retirement Income Fund (“RRIF”). The Plan provides you with a variety of both Interest Investment Options and Segregated Fund Investment Options to choose from. There are no charges on premiums applied to the Plan. The entire amount of any premium is credited to the investment option(s) you have chosen. (See “Deposits to the Plan”). You have the flexibility to switch between investment options based upon your investment planning needs and current market conditions (See “Investment Options” and “Transfer Features”).

You can apply the proceeds of your Plan to purchase a life annuity on any basis that is being offered by us at the Maturity Date or any other date you may choose. Proceeds resulting from deposits which have been in the Plan at least two years at the time of settlement will be eligible for the purchase of an enhanced annuity (See “Alternative Settlement Options”).

The portion of the Plan invested in the Segregated Fund Investment Options has a minimum guaranteed value in the event of your death before maturity of the Plan. It also provides a minimum guaranteed value at the Maturity Date of the Plan provided the Maturity Date is at least 10 years after the Plan’s effective date. Refer to “Death Benefit” and “Maturity Benefit Value” for a complete description of these guarantees. The greater of the value of the Fund Class Units credited to your Plan or the guaranteed minimums will be provided at such time, as applicable. The Segregated Funds Guaranteed Maturity and Death Benefits are reduced at the

time of any withdrawal in proportion to the number of Fund Class Units surrendered. We also offer, at an additional cost, a 100% Maturity Guarantee Benefit Option that will increase the Segregated Funds Guaranteed Maturity Benefit provided at the Maturity Date of your Plan. (See “100% Maturity Guarantee Benefit Option”)

Loans are not available on the Plan.

Registration

You may request that your Plan be registered under the Income Tax Act. If you have applied for a savings plan the Plan may be registered as an RRSP. If you have applied for a retirement income fund the Plan will be registered as a RRIF. You must apply for registration of your Plan in the relevant section of the application.

Upon registration as an RRSP, new deposits to your Plan may be deductible from your taxable income as an RRSP contribution up to the limits allowed under the Income Tax Act. In addition, if the Plan is registered as an RRSP or RRIF, any growth in the value of your Plan is not taxable until you receive it as a retirement income payment or through a full or partial surrender.

The Plan is one of a number of investment vehicles available for the accumulation of retirement income. Registration of the Plan as an RRSP may be more suitable as a means of long-term investment rather than for a short duration. If your Plan is to be registered under the Income Tax Act as an RRSP or RRIF certain contractual benefits may be modified or limited under the conditions for registration. You should discuss the various aspects of registering the Plan with your Advisor.

You may request that we file an election to register the Plan as a Tax Free Savings Account (a “TFSA”) under the Income Tax Act. The TFSA Endorsement will form part of your contract. The provisions of the endorsement will, where applicable, override the Policy Provisions. Deposits to your TFSA are not deductible from your taxable income. The investment earnings (interest, dividends and capital gains) are not subject to tax while in a TFSA or when you make a withdrawal.

The value of Fund Class Units at your Plan’s credit in the Segregated Funds Investment Option is not guaranteed but will fluctuate with the market value of the assets of the Fund(s) supporting it.

Investment Options

The following options are available for the investment of your deposits to the Plan. Subject to the investment option minimums the choice is yours as to how you wish to invest your funds. Minimum deposits to the investment options are described in “Deposits to the Plan”.

You must indicate on your application the investment options you wish to choose. You may also direct, upon written request, to transfer funds from one investment option to another, subject to certain conditions that might apply. These conditions are outlined in “Transfer Features”. If you do not indicate your choice of investment option(s) on the application, your deposit(s) will be credited to the Treasury Interest Option.

Interest Investment Options

The Interest Investment Options include the Treasury Interest Option and the Guaranteed Interest Option. The deposits accrue interest at the then current rate for the investment term specified on your application. Investment terms available are as determined by us from time to time.

Deposits to the Interest Investment Options will be deposited to our general funds at the credit of your Plan upon receipt of the deposit at our Head Office.

Treasury Interest Option

For deposits to this Option, the investment term is in effect one day and the interest rate may change on a daily basis. Interest is calculated daily and paid annually on the policy anniversary. Interest earned within the Treasury Interest Option is automatically reinvested in the Treasury Interest Option unless you advise us otherwise. You may, by providing written notice to us, transfer the interest earned annually to another investment term within the Interest Investment Option or towards the purchase of Fund Class Units of a Fund within the Segregated Funds Investment Option as described in “Transfer Features”.

Guaranteed Interest Option

The investment terms currently available within this Option include:

Investment Terms Available	
1 Year	1½ Year
2 Year	2½ Year
3 Year	3½ Year
4 Year	4½ Year
5 Year	6 Year
10 Year	

We may offer other investment terms or withdraw previously offered investment terms from time to time.

Interest will be left with the deposit to be compounded annually on each deposit anniversary unless you advise us otherwise. You may elect, by providing written notice to us, to have interest on a deposit credited to other investment terms or towards the purchase of Fund Class Units of a Fund within the Segregated Funds Investment Option on each deposit anniversary. The interest credited to another investment term(s) or towards the purchase of Fund Class Units of a Segregated Fund will be credited as if it were a deposit received on the deposit anniversary as described in “Deposits to the Plan”. You may also elect to receive the interest as a direct payment on each deposit anniversary or more frequent intervals as may be available at the time of payment. Where referred to throughout this Folder your election to receive the interest as a credit to other investment options or as a direct payment to yourself is called the Interest Income Option.

If money is withdrawn during an investment term an early withdrawal charge may apply as described in “Fees and Charges – Interest Investment Option”.

Interest Rate Guarantee

If you are transferring funds from another financial institution, you may wish to guarantee the interest rate to be applied on amounts being credited to an investment term under the Guaranteed Interest Option based on our interest rates in effect on the date you complete your application. The terms and conditions for an interest rate guarantee are outlined on the reverse of the application.

Segregated Funds Investment Option

The Plan provides you with the opportunity to acquire Fund Class A Units in any one or more of the Segregated Funds that are available.

Many of the Segregated Funds currently invest in secondary fund(s) or in other Empire Life Funds in order to achieve their objectives. (See “Fund in Fund Investments”)

The Segregated Funds currently available under the Elite and Elite XL Plans are as shown in the following chart:

Fund
Canadian Equity Class A
Elite Equity Class A
Dividend Growth Class A
Small Cap Equity Class A
American Value Class A
US Equity Index Class A
International Equity Class A
Global Equity Class A
Global Dividend Growth Class A
Global Smaller Companies Class A
Bond Class A
Income Class A
Money Market Class A
Asset Allocation Class A
Balanced Class A
Global Balanced Class A
Conservative Portfolio Class A
Balanced Portfolio Class A
Moderate Growth Portfolio Class A
Growth Portfolio Class A
Aggressive Growth Portfolio Class A

The value of Fund Class Units at your Plan’s credit in a Segregated Fund is not guaranteed but will fluctuate with the market value of the assets of the Fund.

Deposits to the Plan

For policies with an effective date after June 07, 2009 deposits to Segregated Funds will not be permitted after December 31st of the year the Annuitant turns 80 years old.

There are no charges or fees associated with a deposit to your Plan. The full amount of a deposit is applied to the investment option(s) that you have chosen. Deposits of \$500,000 or more are subject to our approval.

If you apply for a savings plan, deposits to the Plan can be made on a regular monthly basis or as an additional deposit. The minimum monthly deposit amount is \$30 for the Elite Plan and \$100 for the Elite XL Plan. The minimum additional deposit amount is \$500 for the Elite Plan and \$1,000 for the Elite XL Plan. Except as otherwise noted, additional deposits may be made any time while your policy is in force.

If you apply for a RRIF the minimum initial single deposit to establish the Plan is \$10,000. Except as otherwise noted, additional deposits of at least \$500 may be made at any time after the Plan is established. Deposits to a RRIF must be from one of the sources permitted under the Income Tax Act. Currently the allowable sources are:

- a) a direct transfer of funds from an RRSP;
- b) a direct transfer of funds from another RRIF;
- c) RRIF or RRSP proceeds received from your spouse's or former spouse's RRSP or RRIF, as a result of a court order or a written separation agreement pertaining to a division of property between yourselves in settlement of rights arising out of the breakdown of your marriage;
- d) RRIF or RRSP proceeds received by you as a beneficiary of your spouse, or in some cases, through the estate of your spouse;
- e) a direct transfer of commutation payments under an RRSP annuity; and
- f) a registered or provincial pension plan of which you were a member.

The minimum deposit that can be directed to any one Fund or Treasury Interest Option is \$30. The minimum deposit that can be directed to any one Guaranteed Interest Option investment term is \$500. We reserve the right to change these minimums at any time. You may direct us to split a deposit between the investment options subject to the option minimums.

If a deposit is credited to a Guaranteed Interest Option investment term the deposit will be at the credit of your Plan and will accrue interest at the interest rate then in effect for the investment term chosen by you. If the deposit is less than \$500 it will be invested in the Treasury Interest Option. When the accumulated value of the deposit together with other deposits to the Treasury Interest Option is at least \$500, the accumulated value will then be transferred to the Guaranteed Interest Option investment term chosen by you at the interest rate then in effect for

that investment term. Any deposit credited to the Treasury Interest Option will accrue interest from the date of investment at an interest rate that may change daily.

If the deposit is used to acquire Fund Class Units in one or more of the Segregated Funds, the deposit will normally be credited to the Segregated Funds Investment Option of your Plan within three business days of the date of receipt of your deposit at our Head Office.

The resulting increase in the number of Fund Class Units at the credit of your Plan is determined by dividing the deposit by the Fund Class Unit Value for the applicable Fund(s) determined on the valuation date coincident with or next following the date the deposit is credited to the Segregated Funds Investment Option of your Plan.

Rescission Rights

You have the right to change your mind about your decision to invest in the Segregated Funds Investment Option. You must provide written notice to us within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after we have mailed it.

You will receive the lesser of:

- a) the market value of the portion of the deposit credited to the Segregated Funds Investment Option determined on the valuation date following the day we receive your request; or
- b) the amount of your deposit.

You may also rescind subsequent deposits to the Segregated Funds Investment Option on the same conditions as outlined above except as follows:

- a) in the event you elect to rescind a subsequent deposit to the Segregated Funds Investment Option, the right to rescind will only apply to that deposit; and
- b) you must provide written notice of your desire to rescind the subsequent deposit to us within two business days of receiving the transaction confirmation notice; and
- c) there is no rescission right available for deposits to the Interest Investment Options or for regular monthly deposits to the Segregated Funds Investment Option.

The value of the Fund Class Units acquired in accordance with a deposit to the Segregated Funds Investment Option of the Plan is not guaranteed but will fluctuate with the market value of the assets of the Fund(s) supporting it.

Retirement Income Payments (RRIF Only)

If you have applied for a RRIF, government regulations specify that a minimum amount must be taken every year as retirement income payments. The minimum retirement income payment is zero for the calendar year in which the Plan is established. For each subsequent year the minimum retirement income payment is calculated in accordance with the minimum payment schedule as specified within Section 146.3 of the Income Tax Act. The minimum retirement income payment for any calendar year is calculated based on the value of your RRIF at the beginning of that calendar year.

In addition, if the RRIF is locked-in and administered under pension legislation, there may be a maximum income amount that may be taken each year. This maximum will be determined based on the specific pension legislation that applies to the locked-in funds.

Scheduled retirement income payments may be taken monthly, quarterly, semi-annually or annually. The amount of each scheduled retirement income payment must meet our minimums as described below. In addition, unscheduled retirement income payments may be taken subject to certain conditions as described below.

Throughout the remainder of this Folder the term “income payment” is used frequently. Where it is used it will mean retirement income payment as explained above.

Scheduled income payments must be at least \$50 per payment unless you have elected to receive the Interest Income Option as a direct payment in which case the minimum income payment is the amount of that interest. We may waive this minimum at any time in which case the amount of the scheduled income payments are subject to the RRIF Minimum Amount outlined earlier.

Scheduled income payments can be made from the Interest Investment Option or the Segregated Funds Investment Option. For the Segregated Funds Investment Option, scheduled income payments will be processed through the surrender of Fund Class Units from any one or more of the Segregated Funds under which you have acquired Fund Class Units. The value available for a scheduled income payment will be determined as described in “Plan Value – Value of the Segregated Funds Investment Option”.

You must indicate on the application for your RRIF from which investment option you wish the scheduled income payments to be made. You may also, by written notice to us, change the investment option from which the scheduled

income payments are withdrawn. If you do not provide written notice to us, scheduled income payments will be automatically withdrawn from the Treasury Interest Option. If there is insufficient value in the Treasury Interest Option at the beginning of any calendar year, to make the required scheduled income payments for that year, we retain the right to transfer value from whatever investment option we deem appropriate to ensure that the required income payments can be made.

If the scheduled income payments are less than \$50 each, we retain the right to make the scheduled income payments on a less frequent periodic basis so that the income payment is at least \$50. There will be at least one scheduled income payment made in each calendar year during which a scheduled income payment is due.

In addition to the scheduled income payments you may, subject to any regulatory restrictions that may apply, elect to receive an unscheduled income payment by submitting a written request to our Head Office. Unscheduled income payments are subject to the conditions outlined in items a) to f) of the section “Surrender Features”. A handling fee as described in “Fees and Charges” will be charged for each unscheduled income payment. However, one unscheduled income payment will be permitted without a handling fee within any calendar year.

If income payments are being made from the Guaranteed Interest Option and exceed the interest being earned, then the excess will be subject to an early withdrawal charge which will be calculated as outlined in “Fees and Charges – Interest Investment Option”. In addition, if the deposit in the Interest Investment Option originated from a transfer from the Segregated Funds Investment Option a surrender charge may apply as outlined in “Fees and Charges – Interest Investment Option”.

If your Plan is an Elite Investment Program and income payments are to be made from the Segregated Funds Investment Option, they may be subject to a surrender charge if the deposits to acquire Fund Class Units in the Funds had been made in the previous 5-year period. These charges are outlined in “Fees and Charges – Segregated Funds Investment Option”.

Any direction with respect to income payments (both scheduled and unscheduled) subsequent to the application for your Plan must be made in writing by you and received at our Head Office at least thirty days prior to the date the direction is to take effect.

If, during any calendar year, an income payment is due and the total value remaining in your Plan is not large enough to make the payment, the Plan Value, less any fees or charges that may apply, will be paid to you and the Plan will be cancelled.

The value of Fund Class Units cancelled from the Segregated Funds to provide an income payment is not guaranteed but will fluctuate with the market value of the assets of the Funds.

Plan Value

The value of your Plan at any time is the sum of:

- a) the value of the Interest Investment Option; and
- b) the value of the Segregated Funds Investment Option.

Any portion of the Plan Value that is based on the value of Fund Class Units in a Segregated Fund is not guaranteed but fluctuates with the market value of the assets of the Fund.

Value of the Interest Investment Option

The accumulated value of the Interest Investment Option at any time is the total of:

- a) all deposits and transfers credited to this Option; plus
- b) compound interest earned; less
- c) any withdrawals.

The value calculated for the purpose of withdrawal or transfer during a Guaranteed Interest Option investment term may be adjusted by an early withdrawal charge which will be calculated as outlined in “Fees and Charges – Interest Investment Option”.

Value of the Segregated Funds Investment Option

The value of the Segregated Funds Investment Option at any time is the sum of the value of the Fund Class Units at the credit of your Plan in each of the Segregated Funds.

The value of the Fund Class Units at the credit of your Plan in a Segregated Fund at any time is determined by multiplying the number of Fund Class Units at the credit of your Plan in the applicable Fund by the Fund Class Unit Value for that Fund determined at the valuation date coincident with or next following the date in question.

The value calculated for the purpose of a withdrawal from the Segregated Fund(s) will be determined by surrendering Fund Class Units at the credit of your Plan in the respective Fund. The number of Fund Class Units surrendered times the Fund Class Unit Value of the applicable Fund,

determined on the valuation date coincident with or next following the effective date for any withdrawal, will equal the value of the requested withdrawal plus any fee or charge that may apply. These charges are described in “Fees and Charges”.

The effective date for a scheduled income payment or automatic partial surrender will not be earlier than thirty days prior to the due date of the payment. The effective date for any other withdrawal will normally be within three business days of receipt of your written request for such withdrawal at our Head Office.

In any event, we have the right to defer determination and payment of the value for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine the Fund Class Unit Value. The value, in this event, will be based on the Fund Class Unit Value determined on the valuation date coincident with or next following the date the period of emergency ends.

The value of Fund Class Units acquired and surrendered, and the benefits payable in accordance with the Segregated Funds Investment Option are not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Transfer Features

For policies with an effective date after June 07, 2009, transfers to Segregated Funds from other Investment Options (i.e. the Treasury Interest Option or the Guaranteed Interest Option) will not be permitted after December 31st of the year the Annuitant turns 80 years old.

Except as otherwise noted, transfers among all Interest Investment Option investment terms, including Treasury Interest and any of the Segregated Funds are allowed at any time upon receipt of your written direction at our Head Office. All or a portion of the value of a deposit to a Guaranteed Interest Option investment term, or the value of Fund Class Units acquired in a Segregated Fund, may be transferred subject to certain conditions. Currently these conditions are:

- a) the value of Fund Class Units remaining in a Fund from which the value of Fund Class Units are being transferred or the value remaining in the Treasury Interest Option must be at least \$250 or the full value must be transferred;
- b) the value remaining in a deposit in a Guaranteed Interest Option investment term from which the value is being transferred must be at least \$500 or the full accumulated value must be transferred;

- c) the value being transferred must be at least \$250 from any one Fund or \$250 from a deposit in any Guaranteed Interest Option investment term or the Treasury Interest Option or the full value of the investment option, whichever is less;
- d) transfers from a Guaranteed Interest Option investment term may be subject to an early withdrawal charge as described in “Fees and Charges – Interest Investment Options”;
- e) if there is a transfer of value from the Segregated Funds Investment Option any surrender fees applicable under this Option will continue to apply to the amount transferred in the event it is later withdrawn from the Plan as described in “Fees and Charges”;
- f) frequent transfers between investment options will be subject to an Excessive Trading Fee as described in “Fees and Charges”.

We reserve the right to change these conditions at any time.

The effective date of a transfer between investment options will normally be within three business days of the date of receipt at our Head Office of your written request for transfer.

The value available for transfer will be calculated as outlined in “Plan Value”.

Each transfer of value from one Fund to another will be used to acquire Fund Class Units in the Fund to which the value is being transferred as if the transferred value was a deposit received at our Head Office as outlined in “Deposits to the Plan”. It will not be considered a deposit when determining the Segregated Funds Guaranteed Maturity and Death Benefits under the Plan. The value being transferred will be reduced by any applicable fee.

Each transfer of value from a Segregated Fund to a Guaranteed Interest Option investment term or Treasury Interest Option will be considered to be a deposit and will reduce the Segregated Funds Guaranteed Maturity and Death Benefits in the same proportion that the Fund Class Units credited to the Plan have been reduced to provide such a transfer.

Each transfer of value from a Guaranteed Interest Option investment term or Treasury Interest Option to one of the Funds will be used to acquire Fund Class Units in the Fund as if the transferred value was a deposit received at our Head Office as outlined in “Deposits to the Plan”. For this purpose the transfer will be deemed to be a deposit received

on the effective date of the redemption of the Guaranteed Interest Option investment term or Treasury Interest Option investment.

If your Plan is not registered under the Income Tax Act transfers of value from a Fund will be a taxable disposition from that Fund as outlined in “Taxation”.

The value of Fund Class Units cancelled or acquired to provide a transfer from or to any of the Segregated Funds is not guaranteed but will fluctuate with the market value of the assets of the Funds.

Surrender Features

You may, by providing written notice to us, surrender all or part (referred to as a partial surrender) of the Plan Value for cash. For a partial surrender your notice must indicate the Fund(s) that we are to surrender Fund Class Units from. Surrenders are subject to any regulatory requirements that may apply and the following conditions:

- a) surrenders will be subject to any early withdrawal or surrender charges that may apply as outlined in “Fees and Charges”;
- b) the proceeds of a partial surrender must be at least \$250 from the value of Fund Class Units cancelled in any one Segregated Fund or \$250 from any deposit in a Guaranteed Interest Option investment term or the Treasury Interest Option;
- c) the value of Fund Class Units remaining after a partial surrender in any Segregated Fund must be at least \$250;
- d) the value remaining after a partial surrender in any deposit in a Guaranteed Interest Option investment term must be at least \$500;
- e) the value remaining after a partial surrender in the Treasury Interest Option must be at least \$250; and
- f) a surrender of the total Plan Value will terminate your Plan.

The effective date of the surrender of Fund Class Units at the credit of your Plan will normally be within three business days of the date we receive your written request for the surrender at our Head Office.

The value available for surrender will be calculated as at the effective date of the surrender and as outlined in “Plan Value”. The value of Fund Class Units cancelled from the Segregated Funds will be determined at the valuation date coincident with or next following the effective date of the surrender.

We reserve the right to terminate the Plan and pay you the Plan Value if:

- a) the value of your Plan is less than \$500; and
- b) you have not made any deposits to your Plan in the immediately preceding 15 month period.

If your Plan is not registered under the Income Tax Act a full or partial surrender may result in a capital gain or loss as this will result in a taxable disposition. If you have applied to have your Plan registered under the Income Tax Act a full or partial surrender will be subject to withholding tax and must be reported as income on your income tax return.

Automatic Partial Surrenders

If your Plan is a savings plan, you may arrange to take automatic partial surrenders from the Segregated Funds Investment Option. You must instruct us, in writing, to automatically, at regular periodic intervals, surrender Fund Class Units at the credit of your Plan and pay the value of those Fund Class Units. This arrangement will be in accordance with our rules and subject to any regulatory requirements that may apply, any applicable fees and charges, and the following conditions:

- a) automatic partial surrenders must be at least \$250; and
- b) the value of the Fund Class Units at the credit of your Plan when the arrangement is set up must be at least \$5,000.

Automatic partial surrenders may be elected on a monthly, quarterly, semi-annual, or annual basis.

The effective date for the surrender of Fund Class Units to provide automatic partial surrenders may be up to one month prior to the payment date of such surrender to allow appropriate time for processing and handling.

Some or all of the fees and charges for automatic partial surrenders may be waived. (See “Free Withdrawal Limit (Elite Investment Program savings plan only)”)

We reserve the right to change these conditions at any time.

The value of Fund Class Units cancelled in accordance with a surrender from a Segregated Fund is not guaranteed but will fluctuate with the market value of the assets of the Fund.

Fees and Charges

Throughout this Folder reference is made to fees and charges that may apply in different situations. The current fees and charges in effect for the Plans are summarized below. In addition to the Fees and Charges outlined in

this section, there is an additional annual charge for the 100% Maturity Guarantee Benefit Option, if chosen. (See “100% Maturity Guarantee Benefit Option”)

The fees and charges described are those in effect as of the date this Folder is printed. We reserve the right to change the fees and charges at any time.

Interest Investment Option

Guaranteed Interest Option – Transfer to Other Investment Options

If the value of a deposit to an investment term within this Option is to be transferred to another investment term, the Treasury Interest Option or to a Segregated Fund within the Plan prior to the end of an investment term, the early withdrawal charge is calculated as:

- a) the accumulated value of the deposit; multiplied by
- b) the difference, if the current rate is higher, by which the current rate of interest applicable to new deposits for the same investment term exceeds the rate of interest then being earned on the deposit; multiplied by
- c) the number of complete months from the date of transfer to the end of the investment term divided by twelve.

Guaranteed Interest Option – Withdrawals

The charges described in this section are applicable to withdrawals payable directly to you, transfers to another company, or transfers to another Plan.

If the value of a deposit to an investment term within this Option is to be withdrawn or transferred from the Plan prior to the end of an investment term, the early withdrawal charge is calculated as:

- a) the accumulated value of the deposit; multiplied by
- b) the sum of 1.0% plus the difference, if the current rate is higher, by which the current rate of interest applicable to new deposits for the same investment term exceeds the rate of interest then being earned on the deposit; multiplied by
- c) the number of complete months from the date of withdrawal or transfer to the end of the investment term divided by twelve.

If your Plan is an Elite Investment Program and the value of a deposit that resulted from a transfer of value from the Segregated Funds Investment Option is to be withdrawn or transferred from the Plan prior to the end of its investment term, the early withdrawal charge will be calculated as:

- a) the accumulated value of the deposit; multiplied by
- b) the difference, if the current rate is higher, by which the current rate of interest applicable to new deposits for the same investment term exceeds the rate of interest then being earned on the deposit; multiplied by
- c) the number of complete months from the date of transfer to the end of the investment term, divided by twelve; plus
- d) any surrender charge, as described in Segregated Funds Investment Option, which may be applicable.

This surrender charge will be determined as if the withdrawal was a surrender taken directly from the Segregated Fund(s) from which the transfer of value originally came.

Example of Early Withdrawal Charge Calculation

Assume \$1,000 is invested in a 5-year Guaranteed Interest investment term that will accrue interest at the rate of 5%. The deposit is then surrendered out of the Plan after 2 years, when current rates for a new deposit to a 5-year investment term have increased to 7%.

The accumulated value after 2 years is
 $\$1,000 \times 105\% \times 105\% = \$1,102.50$.

In this example, the accumulated value would be multiplied by 3%**; this being the sum of 1% plus (7% minus 5%).

The number of complete months from the date of transfer to the end of the investment term is 36.

Therefore, the early withdrawal charge is calculated as
 $\$1,102.50 \times 3\% \times 36/12 = \99.23 .

***If at the date of transfer, the current interest rate being credited to investment terms of 5 years had been less than or equal to 5%, then the accumulated value would be multiplied by only 1% in this step.*

Note that if the transfer were to another investment option within your Plan the flat 1% would not apply, so the accumulated value would be multiplied by 2%.

Note also that if your Plan is an Elite Investment Program and the deposit being withdrawn had originally been from

a Segregated Fund deposit, then the percentage surrender charge (from 0% to 5% of the amount of the original deposit) outlined in the next section will also apply.

Segregated Funds Investment Option (Elite Investment Program only)

If a surrender, income payment or transfer out of the Elite Investment Program Plan results in funds being withdrawn that were originally credited to acquire Fund Class Units in any of the Segregated Funds (excluding the Money Market Fund) within the five year period preceding the date of withdrawal, then the amount withdrawn will be subject to a surrender charge. This charge will be a percentage of the amount of the original deposit to the respective Fund based on the following table:

Time from date of deposit to date of withdrawal	Percentage
less than 1 year	5%
greater than or equal to 1 year but less than 2 years	4%
greater than or equal to 2 years but less than 3 years	3%
greater than or equal to 3 years but less than 4 years	2%
greater than or equal to 4 years but less than 5 years	1%
greater than or equal to 5 years	0%

These charges will not apply:

- a) if your Plan is an Elite XL Investment Program;
- b) if the withdrawal is from Fund Class Units of the Money Market Fund;
- c) if the Fund Class Units being surrendered from a Fund had been acquired by a deposit made directly to the Money Market Fund and not as a result of a transfer from another Fund (either directly or indirectly) within the Segregated Funds Investment Option; or
- d) if the withdrawal is to pay the fee for the 100% Maturity Guarantee Benefit Option.

These charges may be waived in some circumstances as outlined in “Retirement Income Payment Corridor (RRIF only)” and “Free Withdrawal Limit (Elite Investment Program savings plans only)” as described below.

For the first 10 years that your Plan is in effect surrenders will be processed on a first-in first-out basis and all deposits will be withdrawn before any increase in value. Thereafter all increases in value will be withdrawn before deposits to the applicable Fund(s).

Retirement Income Payment Corridor (RRIF only)

If your Plan is a RRIF, we may, based on our administrative procedures in effect at that time, waive some or all of the fees and charges on income payments. Our current administrative procedures are as follows.

Each calendar year fees and charges will be waived on income payments up to the greater of the minimum payment required and 15% of the corridor value of your Plan for that year.

The corridor value of your Plan in the first year will be determined as of the effective date of your Plan and will equal the value of your Plan on that date. Every year thereafter the corridor value will be determined on the last valuation date of the previous calendar year and will equal the value of your Plan on that date. The corridor value will be increased to include any subsequent deposit(s) made during the current calendar year on the date of such deposit(s). You cannot carry forward any unused portion of the retirement income payment corridor.

Income payments in excess of the retirement income payment corridor will be subject to fees and charges.

We reserve the right to change or withdraw this retirement income payment corridor at any time, without prior notice to you.

Free Withdrawal Limit (Elite Investment Program savings plans only)

If your Plan is an Elite Investment Program savings plan, we may, based on our administrative procedures in effect at that time, waive some or all of the fees and charges on withdrawals of some or all of the Fund Class Units at the credit of your Plan. Our current administrative procedures are as follows.

Each calendar year fees and charges will be waived on withdrawals up to a maximum of 12% of the free withdrawal value of your Plan for that year.

The free withdrawal value of your Plan in the first year will be determined as of the effective date of your Plan and will equal the value of the Fund Class Units (excluding Fund Class Units in the Money Market Fund) at the credit of your Plan on that date. Every year thereafter the free withdrawal value will be determined based on the last valuation date of the previous calendar year and will equal the value of the Fund Class Units (excluding Fund Class Units in the Money Market Fund) at the credit of your Plan on that date. The free withdrawal value will be increased to include any subsequent deposit(s) (other than deposits to the Money Market Fund) made during the current calendar year on the date of such deposit(s). You cannot carry forward any unused portion of the free withdrawal limit.

Withdrawals in excess of the free withdrawal limit will be subject to fees and charges.

We reserve the right to change or withdraw this free withdrawal limit at any time, without prior notice to you.

Excessive Short-term Trading

Excessive short-term trading is the frequent acquisition, transfer, or surrender of Fund Class Units by a Contract Owner in a Segregated Fund.

As Segregated Funds are considered long-term investments we discourage investors from excessive trading because it generates significant costs for a Fund. This can reduce a Fund’s overall rate of return, which impacts all Contract Owners. As a result, in addition to any other fees and charges that may apply, we will charge you up to 2% of the transaction amount under the following conditions:

- a) you request that a deposit or a full or partial transfer be applied to acquire Fund Class Units of a Fund within 90 days of surrendering such Fund Class Units from the same Fund;
- b) you request a full or partial surrender of the value of Fund Class Units from a Fund within 90 days of acquiring them; or
- c) you request a full or partial transfer of the value of Fund Class Units in a Fund within 90 days of a transfer between the Investment Options available on your Plan.

The fee will be paid to the associated Fund to help offset the costs of excessive short-term trading. We also reserve the right to refuse to process the requested transaction under these same conditions.

This additional fee does not apply to transactions which are not motivated by short-term trading considerations, such as:

- a) automatic partial surrenders from a Fund;
- b) systematic re-balancing or asset reallocations within a Fund or between Funds; or
- c) other transactions in respect of which prior written approval has first been granted by our President, Secretary, or Chief Financial Officer.

General

In addition to the fees and charges applicable to the Plan and described above, you are also indirectly responsible for the management fees and other expenses associated with the administration of the Segregated Funds as described in “Fees and Expenses Paid by the Funds”. There is also a fee charged if you have chosen to have the 100% Maturity Guarantee Benefit Option. (See “100% Maturity Guarantee Benefit Option”)

Death Benefit

If your Plan is a non-registered savings plan you may name a Joint or Successor Owner. Joint Owners shall be deemed to hold the contract as Joint Owners with right of survivorship, except in Quebec. If all Owners predecease the Annuitant, the Successor Owner will become the Owner. However, in Quebec, or if the policy is jointly owned without right of survivorship, the Successor Owner/ Subrogated Policyholder will become the Owner if the applicable Owner dies. Upon your death, provided you are not the last Annuitant, the Joint or Successor Owner will become the Contract Owner and the contract will continue. If there is no Successor Owner named, the Annuitant will become the Owner. In Québec a Successor Owner is known as a Subrogated Policyholder.

Note: Under current taxation rules, if the Successor Owner is someone other than your spouse or common-law partner, the transfer of ownership will be considered a taxable disposition and all realized and unrealized gains must be reported on your final tax return.

If your Plan is a non-registered savings plan you may name a Successor Annuitant any time prior to the Annuitant’s death. Upon the death of the Annuitant the Successor Annuitant will become the Annuitant. The contract will remain in force and no Death Benefit will be payable at that time.

If your plan is a TFSA you may name your spouse or common-law partner as Successor Owner on the application or under the terms of your will. Upon your

death your spouse or common-law partner will become the Owner and Annuitant. The contract will remain in force and no Death Benefit will be payable at that time.

If your Plan is a RRIF and you have named your spouse or common-law partner as Successor Annuitant on the application or under the terms of your will, payments will continue to your spouse or common-law partner from the date of your death. In this event, your spouse or common-law partner will become the Contract Owner and Annuitant. The contract will remain in force and no Death Benefit will be payable at that time.

We will, upon receipt of proof of the last Annuitant’s death, pay in one lump sum to the beneficiary a Death Benefit. The Death Benefit will be equal to the value of the Interest Investment Option, determined within three business days of the date of receipt of written notification of the last Annuitant’s death at our Head Office, plus the greater of:

- a) the sum of the value of the Fund Class Units in each of the Segregated Funds at the credit of your Plan, determined on the valuation date coincident with or next following the effective date of the cancellation of Fund Class Units; and
- b) the Segregated Funds Guaranteed Death Benefit.

The effective date of the cancellation of Fund Class Units will normally be within three business days of the date of receipt of written notification of the last Annuitant’s death at our Head Office.

The Segregated Funds Guaranteed Death Benefit is equal to 100% of all deposits used to acquire Fund Class Units in the Segregated Funds.

The Segregated Funds Guaranteed Death Benefit will be reduced in the same proportion that the Fund Class Units being held in the Segregated Funds have been reduced as a result of any income payments, surrenders, or transfers out of the Segregated Funds. A surrender of Fund Class Units to pay the fee for the 100% Maturity Guarantee Benefit Option, if chosen, will not affect the Segregated Funds Guaranteed Death Benefit.

The excess, if any, of the Segregated Funds Guaranteed Death Benefit over the total value of the Fund Class Units at the credit of your Plan will be provided from the general funds of the Company.

Fees and charges are not applicable to any Death Benefit payable.

Example Death Benefit Guarantee

Total Deposits to Segregated Funds Investment Option	\$100,000
Death Benefit Guarantee	\$100,000 (100% of \$100,000)

Except for the Segregated Funds Guaranteed Death Benefit, the value of Fund Class Units at the credit of your Plan at death is not guaranteed but will fluctuate with the market value of the assets of the Fund(s) supporting it.

Maturity Date

If your Plan is a savings plan or a TFSA, you may choose a Maturity Date on your application provided that the Maturity Date selected is at least 10 years after the effective date of your Plan. If you have chosen the 100% Maturity Guarantee Benefit Option, the Maturity Date selected must be at least 15 years after the effective date of your Plan. If you do not select a Maturity Date on the application, we will set one based on our current administrative procedure. Our current administrative procedure is to set the Maturity Date at December 31st of the year the Annuitant is to attain the age of 120 years.

If your Plan is a savings plan or a TFSA, you may, by providing written notice to us on or before the existing Maturity Date, elect to change the Maturity Date. The new Maturity Date must be at least 10 years after the date of your request or 15 years if you have chosen the 100% Maturity Guarantee Benefit Option.

The Maturity Date for a RRIF is only used for purposes of determining the Maturity Benefit Value. If your Plan is a RRIF, the Maturity Date will be the first to occur of:

- a) if the RRIF is established as a conversion from an RRSP within the same Plan, the Maturity Date of the RRSP (See “RRSP to RRIF Conversion”); or
- b) the date 10 years after the RRIF is established.

Maturity Options

If your Plan is a savings plan or a TFSA, you may apply for one of the following Maturity Options on the Maturity Date of your Plan:

- a) to choose a new Maturity Date based on our administrative procedures in effect on that date;
- b) purchase an annuity payable in equal monthly installments commencing one month after the Maturity Date and payable to you for a period of ten years certain and monthly thereafter for as long as you shall live. The amount of each such monthly installment will be the greater of:
 - i) the amount determined based on our annuity rates in effect at that time; and
 - ii) \$1.00 of monthly income per \$1,000 of Maturity Benefit Value.

Should the monthly instalments be less than \$50, we reserve the right to convert the amount so determined to equivalent equal instalments of at least \$50 payable less frequently than monthly or to pay the Maturity Benefit Value to you;

- c) purchase any other form of annuity that we may offer at that time. The annuity will be subject to the same conditions as outlined in b) above;
- d) convert the savings plan to a RRIF within the Plan or an equivalent plan that we may offer at that time; (See “RRSP to RRIF Conversion”)
- e) to take the Maturity Benefit Value of the Plan as a lump sum payment;
- f) to any other Maturity Option that we may offer on that date.

If your Plan is a savings plan and you have not requested a Maturity Option as described above we will automatically apply one of the following options:

- a) defer the Maturity Date for an additional 10 years or 15 years if you have chosen to have the 100% Maturity Guarantee Benefit Option;
- b) apply option b) of the Maturity Options described above if your plan is a non-registered savings plan and you have attained the age of 80 years; or
- c) apply option d) of the Maturity Options described above if your plan is a registered savings plan and you have attained the maximum age prescribed for the maturity of an RRSP under the Income Tax Act.

If your Plan is a RRIF the Segregated Funds Guaranteed Maturity Benefit will be determined on the Maturity Date. Your Plan will remain in force and income payments will continue.

Maturity Benefit Value

Your Plan provides for a Maturity Benefit Value equal to the accumulated value at the Maturity Date of any Interest Investment Option investments, plus the greater of:

- a) the sum of the value of the Fund Class Units in each of the Segregated Funds at the credit of your Plan, determined on the valuation date coincident with or next following the Maturity Date; and
- b) the Segregated Funds Guaranteed Maturity Benefit.

The Segregated Funds Guaranteed Maturity Benefit is 75% of all deposits made to acquire Fund Class Units in the Segregated Funds.

The Segregated Funds Guaranteed Maturity Benefit will be reduced in the same proportion that the Fund Class Units being held in the Plan have been reduced as a result of any withdrawals from the Segregated Funds Investment Option. A surrender of Fund Class Units to pay the fee for the 100% Maturity Guarantee Benefit Option, if chosen, will not affect the Segregated Funds Guaranteed Maturity Benefit.

On the Maturity Date we will compare the Segregated Funds Guaranteed Maturity Benefit to the value of the Fund Class Units at the credit of your Plan. If the Guaranteed Maturity Benefit is greater than the value of the Fund Class Units at the credit of your Plan we will increase the value of your policy by the difference. The difference, if any, will be provided from the general funds of the Company and will be applied in accordance with our administrative procedures in effect at that time.

Example: Maturity Benefit Guarantee

Total Deposits to Segregated Funds Investment Option	\$100,000
Maturity Benefit Guarantee	\$75,000 (75% of \$100,000)

Example: Reductions to Maturity and Death Benefit Guarantees for Withdrawals

Total Deposits to Segregated Funds Investment Option	\$16,000
Death Benefit Guarantee prior to withdrawal	\$16,000
Maturity Benefit Guarantee prior to withdrawal	\$12,000 (75% of \$16,000)

Market Value of Fund Class Units at date of withdrawal	\$20,000
Withdrawal Amount	\$2,000
Reduction in Death Benefit Guarantee	-\$1,600 (\$16,000 X (\$2,000/\$20,000))
Reduction in Maturity Benefit Guarantee	-\$1,200 (\$12,000 X (\$2,000/\$20,000))
New Death Benefit Guarantee	\$14,400 (\$16,000 - \$1,600)
New Maturity Benefit Guarantee	\$10,800 (\$12,000 - \$1,200)

100% Maturity Guarantee Benefit Option

If your Plan is a savings plan or a TFSA, you may apply for the 100% Maturity Guarantee Benefit Option (the “Option”), which will increase the value of the Segregated Funds Guaranteed Maturity Benefit. The Option increases the Segregated Funds Guaranteed Maturity Benefit to 100% of all deposits made to acquire Fund Class Units in the Segregated Funds provided there is at least 15 years from the date of deposit to the Maturity Date of your policy in effect at the date of the deposit. For deposits made to your policy when there is less than 15 years from the date of deposit to the Maturity Date of your policy in effect at the date of deposit, the Guaranteed Maturity Benefit will be 75% of the amount deposited. Any change to the Maturity Date applied after the date of any deposit(s) will not increase the Segregated Funds Guaranteed Maturity Benefit for that deposit(s). The Segregated Funds Guaranteed Maturity Benefit will be reduced in the same proportion that the Fund Class Units being held in the Plan have been reduced as a result of any withdrawals.

The 100% Maturity Guarantee Benefit Option is an optional benefit available at an additional charge that must be applied for when you apply for your Plan. We reserve the right to refuse an application for the Option. We also reserve the right to cease offering the Option on new applications at any time. The Option can only be cancelled upon termination of your Plan.

The Option will be retained upon conversion of your savings plan to a RRIF within the Plan. (See “RRSP to RRIF Conversion”)

The charge associated with the Option is an annual fee that is currently 0.38% of the sum of the value of the Fund Class Units at the credit of your Plan in the Segregated Funds (excluding Money Market). The fee will be calculated and deducted annually and proportionately from the value of the Fund Class Units at the credit of your Plan (excluding Money Market). We reserve the right to change the fee at any time. If we increase the annual fee by more than the greater of 0.50% per year and 50% of the current annual fee the change will be considered a fundamental change and notice will be provided to you 60 days in advance. (See “Fundamental Changes”) A surrender of Fund Class Units to pay the fee will not affect the Segregated Funds Guaranteed Maturity or Death Benefits.

Example: Optional 100% Maturity Benefit Guarantee
Assumptions: Maturity Date is January 1st, 2025.

Date	Amount	Transaction	Years to Maturity Date	Maturity Benefit Guarantee
Jul 01-2009	\$60,000	Deposit to Segregated Funds Investment Option	15.5	\$60,000, (100% of \$60,000)
Jul 01-2010	\$40,000	Deposit to Segregated Funds Investment Option	14.5	\$90,000 (\$60,000 + 75% of \$40,000)

RRSP to RRIF Conversion

If your plan is an RRSP you may convert it to a RRIF within the same plan or an equivalent plan that we may offer. In this event:

- the investment options under your Plan will be transferred to the same or equivalent investment options under the RRIF;
- the retirement income payments will be based on the minimum payments required under the Income Tax Act and our administrative procedures in effect at the time of conversion unless we are notified otherwise;
- the beneficiary of the RRIF Plan will remain the same as the beneficiary of the savings plan unless we are notified otherwise;
- the Maturity and Death Benefit Guarantees will not be affected;
- the Maturity Date will remain the same for purposes of calculating the Maturity Benefit Value; and
- any fees or charges that may apply in accordance with our schedule of fees and charges will remain in effect.

If your plan is a locked in RSP (LIRA or LRSP) it will be converted to a locked in Retirement Income Fund (LIF, LRIF or PRIF) subject to the requirements of the applicable pension legislation.

Resets

No resets are permitted after December 31st of the year the Annuitant turns 80 years old.

Except as otherwise noted, if your Plan is a savings plan or a TFSA, you may, by providing written notice to us, elect to reset the Segregated Funds Guaranteed Maturity and Death Benefits. Resets allow you to increase your Segregated Funds Guaranteed Maturity and Death Benefits. You may reset your Segregated Fund Guarantees twice per year provided there is at least 10 years to the Maturity Date of your policy. There must be 15 years to the Maturity Date of your policy if you have chosen to have the 100% Maturity Guarantee Benefit Option. If your plan does not have the required 10 or 15 years we will automatically extend the Maturity Date if the plan permits.

The effective date to be used for calculating the new Segregated Funds Guarantees will be the date we receive your request for a reset at our Head Office. The new Segregated Funds Guaranteed Maturity and Death Benefits will be determined as if a complete surrender and redeposit of the value of the Fund Class Units at the credit of your Plan had occurred. If the new Segregated Fund Guarantees are greater than the current Segregated Fund Guarantees then we will change them. Otherwise they will remain unchanged.

We reserve the right to refuse a reset request, or to change the reset provisions, in accordance with our rules. We also reserve the right to cancel this provision at any time. We will provide notice to you 60 days prior to the cancellation of this provision.

Example: Resetting Maturity and Death Benefit Guarantees

Assumptions: There is at least 10 years remaining to the Maturity Date

Total Deposits to Segregated Funds Investment Option	\$100,000
Death Benefit Guarantee prior to reset	\$100,000
Maturity Benefit Guarantee prior to reset	\$75,000 (75% of \$100,000)
Market Value of Fund Class Units at date of reset	\$120,000
Death Benefit Guarantee after reset	\$120,000
Maturity Benefit Guarantee after reset	\$90,000 (75% of \$120,000)

Alternative Settlement Options

If your Plan is a savings plan or a TFSA, you may elect, by providing written notice to us, to take the Plan Value at any time prior to the Maturity Date and apply this value to any of the Maturity Options available at the time of request.

In this event, the value available for the alternative settlement will be the Plan Value determined as at the effective date of alternative settlement reduced by any fees or charges that may apply.

The effective date of alternative settlement will be the later of:

- a) within three business days of the date of receipt of your written request for an alternative settlement at our Head Office; and
- b) the effective date of alternative settlement you request in your notice to us.

The value of Fund Class Units cancelled from the Segregated Fund(s) prior to the Maturity Date is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Should your death occur prior to the Maturity Date, your beneficiary will have the option of applying the Death Benefit to one of the settlement options then being offered by us. Any value arising from deposits invested for at least two years would be eligible for an enhanced annuity.

Except for the Segregated Funds Guaranteed Death Benefit, the value of Fund Class Units at the credit of your Plan at death is not guaranteed but will fluctuate with the market value of the assets of the Fund(s) supporting it.

Life Annuity Conversion Privilege (RRIF only)

You may request that the value of your RRIF be transferred to a single premium life annuity with us. The annuity must meet the requirements of the Income Tax Act for annuities purchased with registered funds.

Provided that your signed request is received at our Head Office within the 30 day period immediately prior to or next following your 80th birthday (or your spouse or common-law partner's 80th birthday, if the minimum income payment is based on his or her date of birth) all fees and charges applicable to surrenders or transfers out of the Plan will be waived. If funds are being transferred to another carrier, normal fees and charges will apply.

Contract Owner Statements

Statements will be sent to you annually, on or before April 30th, detailing the transactions that have occurred since the last statement and providing the current Investment Option

Values. It is our current practice to also send you a semi-annual statement in July of each year.

If you have invested in the Segregated Funds Investment Option the statement will include:

- a) the current number of Fund Class Units to your Plan's credit in each of the Funds;
- b) their value as of the most recent valuation date; and
- c) the total deposits, if any, allocated to the Funds during the period covered by the statement.

You may request to receive the audited Financial Statements for the Segregated Funds as of the most recent year-end (December 31st). The audited Financial Statements are also available on our web site at www.empire.ca. The audited Financial Statements also include for each Fund and each Fund Class;

- a) the overall rate of return for the fiscal year with comparative periods;
- b) the management fees and other expenses;
- c) the management expense ratio; and
- d) a list of the assets and the respective Fund Class Unit values as at the fiscal year-end.

The unaudited semi-annual Financial Statements are also available upon request each year.

Taxation

Non-registered Plans

Each Segregated Fund will allocate its income and realized capital gains and losses to Fund Class unitholders in each year so that no income tax will be payable by a Fund. Each Fund will allocate the income and realized capital gains and losses proportionally by Fund Class Units to all unitholders at various points in time during the year and not in proportion to the length of time the Contract Owner has held units in a Fund during a calendar year. For deposits made to the Segregated Funds Investment Option, Contract Owners are taxed each year on the investment income (interest, dividends, and capital gains) of the Fund Class Units at the credit of their Plan. If the taxable income on any Fund Class Units at the credit of your Plan equals or exceeds a prescribed minimum the Company is required to file a report (Form T-3) with the Canada Revenue Agency (the "CRA"). A copy of this T-3 form will be mailed to you and currently includes appropriate subdivisions for taxable investment income, capital gains, and other factors necessary for calculating your personal income tax.

If you surrender the value of Fund Class Units from a Fund for a withdrawal from the Plan or transfer to another investment option during the year your T-3 will include any capital gain or loss resulting from the disposition or deemed disposition of Fund Class Units to the extent that the proceeds of disposition for those Fund Class Units exceeds (or is less than) the tax cost of those Fund Class Units.

For deposits made to the Interest Investment Options, Contract Owners are taxed each year on the accrued interest (or interest income, if applicable). The interest gained is reported on a Form T-5 and filed with the CRA. You will receive copies of the T-5, if applicable, for use in preparing your personal income tax return each year.

The excess, if any, of the Segregated Funds Guaranteed Maturity or Death Benefit over the total value of the Fund Class Units at the credit of your Plan at the applicable date of determination, may be subject to taxation in accordance with the provisions of the Income Tax Act at the date payment of any excess is made.

TFSA

Investment income (interest, dividends, and capital gains) earned within a TFSA is not taxable to you while in a TFSA or when you make a withdrawal.

Registered Plans (RRSP)

If desired, you can apply to have your savings plan registered under section 146 of the Income Tax Act as a Retirement Savings Plan. This will enable you to obtain the benefit of any income tax relief to which you may be entitled with respect to the whole or any portion of the deposits made to the Plan.

In addition, the investment income and capital gains earned by the Fund Class Units at the credit of your Plan and interest earned on your deposits to the Interest Investment Option will not be subject to Income Tax until a retirement income is taken or until the Plan is de-registered. However, benefits paid under the Plan (including partial surrenders and interest income payments) will be subject to tax at the point of such payment. The Plan cannot be surrendered or assigned without de-registering. The Plan must provide for a retirement income to commence on or before the maximum age prescribed for maturity of an RRSP under the Income Tax Act.

Registered Plans (RRIF)

The following is a brief description of how the Income Tax Act applies to a RRIF as at the date this Information Folder was printed.

Taxation of Retirement Income Payments

Retirement income paid to you is fully taxable in the year received.

Taxation on Death

- a) Where you had elected that Retirement Income Payments continue to your spouse or common-law partner the payments are fully taxable to your surviving spouse or common-law partner as received.
- b) Where Retirement Income Payments do not continue to your spouse or common-law partner, the Death Benefit must be paid to your beneficiary. If your beneficiary is:
 - i) your spouse or common-law partner, the Death Benefit is taxable to your spouse or common-law partner in the year received;
 - ii) your child or grandchild, the payment will be included in their income to the extent that the payments would qualify as a designated benefit if paid under an RRSP.

Any payment not qualifying as a designated benefit to your child or grandchild, or not receivable by your spouse or common-law partner, will be taxable to you in the year of death.

The taxation information in this Folder applies to an Owner who is a Canadian Resident and generally describes current Canadian federal income tax considerations. Not all possible tax considerations that may be relevant to your personal situation are covered. Therefore, you are advised to consult your personal tax advisor(s) about your own individual circumstances.

Locked-In Pension Funds

If your Plan is purchased for the transfer in and investment of locked-in pension funds, the funds will remain locked-in and be administered in accordance with the applicable pension legislation.

In this event, certain restrictions will apply to your Plan. Please refer to the provisions of the endorsement for the type of plan (LIRA, LRSP, LIF, LRIF or PRIF) and the applicable pension legislation for details.

Creditor Protection

The Elite and Elite XL Investment Programs are insurance contracts and, under provincial insurance laws, may be protected from your creditors if the named beneficiary is the spouse or common-law partner, parent, child or grandchild of the Annuitant (except in Québec where the named beneficiary is the spouse, parent, child or grandchild of the Owner) or if the beneficiary is named irrevocably.

Note that there are certain circumstances where protection from creditors will not exist. If the possible protection from creditors is an important consideration you should consult with your legal advisor before deciding to purchase the Plan.

SEGREGATED FUNDS INVESTMENT OPTION

General Information

Your Plan offers a wide variety of Segregated Funds. The Fund Facts, which form part of the Information Folder, describe the key features of the Segregated Funds available under this Plan. Fund Facts are available on our web site at www.empire.ca or upon request by contacting our Head Office.

A complete copy of the current investment objectives, policies, restrictions and practices adopted by each Fund is available upon request at any time by contacting our Head Office.

Investment Management

Empire Life has retained Empire Life Investments Inc. as discretionary investment manager and advisor to its Segregated Funds. Empire Life Investments Inc. is responsible for managing the investments of the Funds, including all research and financial analysis, investment decisions, the purchase and sale of securities and related brokerage arrangements. In providing these services Empire Life Investments Inc. will follow the investment guidelines, objectives, standards and strategies as established by the Investment Committee of the Board of Directors of Empire Life. The Vice President responsible for the investment division reports quarterly to the Board of Directors for Empire Life, at which time the investment strategy and performance of the Funds is reviewed. Empire Life Investments Inc. is a wholly owned subsidiary of Empire Life.

We reserve the right to change the investment manager for a Fund.

Auditor of the Funds

The Financial Statements for the Segregated Funds are provided on an audited basis in accordance with the requirements of the IVIC Guidelines.

To comply with this requirement Empire Life has appointed PricewaterhouseCoopers LLP to act as independent auditor of the Segregated Funds. PricewaterhouseCoopers offices are located at Suite 3000, Royal Trust Tower, TD Centre, Toronto ON M5K 1G8.

Valuation of the Funds

The Funds are valued to determine the amount of benefits available under the Plan. Valuation of the Segregated Funds and any secondary funds occur at the close of business each

day that our Head Office is open for business and a value is available for the underlying assets of the Fund. This is the “valuation date” as referred to throughout this Folder. We reserve the right to value a Fund less frequently than each business day, subject to a minimum monthly valuation occurring on the last business day of each month.

On each valuation date Fund Class Unit Values are calculated for each Fund. The Fund Class Unit Value will be effective for all transactions involving the acquisition or surrender of Fund Class Units in each Fund since the last valuation date of the respective Fund.

A Fund Class Unit Value is calculated by dividing the Fund Class proportionate share of the Market Value of the net assets of the Fund attributable to all Fund Classes less operating expenses and management fees including taxes attributable solely to a Fund Class by the number of Fund Class Units of the Fund outstanding on the valuation date of the respective Fund.

The assets of a Fund are valued to the extent possible at closing market prices on a nationally recognized stock exchange by financial pricing service companies, and in other cases, fair market values as determined by Empire Life. This valuation method is subject to change should a change in the Canadian Life and Health Insurance Association Guideline G2 on Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds (together the “Guidelines”) occur. Segregated Fund financial statements require valuation of the Fund for financial statement purposes to be in accordance with Canadian generally accepted accounting principles (GAAP). Any difference between the above valuation methodology and GAAP would be disclosed in the notes to the financial statements.

Fees and Expenses Paid by the Funds

Each Fund pays fees and expenses related to the operation of that Fund. These fees and expenses include but are not limited to management fees and operational expenses. Each Fund Class pays its proportionate share of the fees and expenses of the Fund.

The Company may choose to waive a portion of the management and other fees that could be charged to a Fund. This will be disclosed annually in the audited Financial Statements. At present, there are no plans to alter the management and other fees currently being waived.

However, the waiver of management and other fees can be terminated at any time without prior notice to you.

Any Segregated Fund that invests in a secondary fund will not incur any additional management fees or operational expenses for holding units of the secondary fund. Each principal fund carries its own annual management fee as shown in the following chart. The principal fund will purchase units in the secondary fund(s) at a net asset value that has been adjusted to exclude all fees, charges and expenses. No additional fees or expenses beyond those described throughout this section will be incurred by the principal fund.

Management Fee

The annual management fee for each Fund in Fund Class A will be as specified in the chart below. A management fee can only be changed after we have provided advance notice to you (See “Fundamental Change”).

The management fee covers the charges related to professional investment management and the administration of a Fund. The management fee is subject to applicable taxes (such as the Goods and Services Tax (“GST”) or, in some jurisdictions, the Harmonized Sales Tax (“HST”). Management fees are calculated and accrued on a daily basis and paid to Empire Life on the next business day. The management fee for each Fund in a Fund Class is calculated as a percentage of the Fund’s net asset value attributable to that Fund Class, which in turn reduces the Fund Class Unit Value.

Annual Management Fee (excluding applicable taxes)	
Canadian Equity Class A	2.40%
Elite Equity Class A	2.40%
Dividend Growth Class A	2.40%
Small Cap Equity Class A	2.40%
American Value Class A	2.40%
US Equity Index Class A	2.40%
International Equity Class A	2.68%
Global Equity Class A	2.40%
Global Dividend Growth Class A	2.40%
Global Smaller Companies Class A	2.76%
Bond Class A	2.04%
Income Class A	2.04%
Money Market Class A	0.95%
Asset Allocation Class A	2.40%

Balanced Class A	2.40%
Global Balanced Class A	2.66%
Conservative Portfolio Class A	2.29%
Balanced Portfolio Class A	2.34%
Moderate Growth Portfolio Class A	2.44%
Growth Portfolio Class A	2.49%
Aggressive Growth Portfolio Class A	2.55%

If you have chosen to invest in the assets of a particular Fund in Fund Class A you may be eligible for a reduction or a refund of a portion of the management fee if you meet specific requirements as determined by us. These requirements will be based on a number of factors, including but not limited to, the amount of a deposit or the nature of a deposit, such as deposits made by employee groups or institutional investors. An amount equal to the reduction is paid as a distribution in the form of additional Fund Class Units in the Fund (“management fee distribution”) or as a refund (“management fee credit”). The cost of any reduction or refund will be provided from the general funds of the Company. As a result, a reduction or refund will not affect a Fund in Fund Class A’s MER or rates of return.

Operational Expenses

Operational expenses are the fees and charges necessary for a Fund to operate. These fees and charges may include but are not limited to: legal fees, audit fees, custodial and safekeeping fees and charges, bank service and interest charges, applicable taxes, costs related to regulatory compliance including preparing and distributing financial reports and statements, information folders and unit holder communications. Operational expenses will vary from year to year and from Fund to Fund. Operational expenses are accrued on a daily basis and paid to Empire Life monthly.

Management Expense Ratio

The management expense ratio (the “MER”) is the total cost of investing in a Fund in a Fund Class. The MER for each Fund in Fund Class A is outlined in the Fund Fact statement.

The MER includes the management fee and operational expenses. The MER is paid by the Fund Class before the Fund Class Unit Value is calculated. The MER for each Fund in a Fund Class is expressed as a percentage of the Fund’s average daily net asset value attributable to that Fund Class.

The expenses included in the MER for a Fund in a Fund Class will vary, which will result in different MER's each year. The MER for a Segregated Fund that invests in a secondary fund will include the MER of the secondary fund. The MER's will be disclosed annually in the audited Financial Statements.

Application of Earnings

All earnings of a Fund are retained in that Fund to increase the value of the Fund Class Units. Earnings may include but are not limited to interest, capital gains, dividends, and distributions. Reinvestment of earnings is required by the terms of our individual variable insurance contracts.

Addition or Deletion of Funds and/or Fund Classes

We reserve the right to add new Funds and/or Fund Classes to the Segregated Funds Investment Option of the Plan at any time.

In the event that a Fund or Fund Class is added to the Segregated Funds Investment Option of the Plan you may direct, in writing to us, that your deposits be credited to the new Fund or Fund Class. All terms and conditions applicable under the provisions of the Plan to the Segregated Funds will apply to the new Fund or Fund Class.

We also reserve the right to delete Funds or Fund Classes from the Segregated Funds Investment Option of the Plan. In the event that a Fund or Fund Class is deleted you may, subject to any regulatory requirements that apply, select one of the following options:

- a) transfer the value of the Fund Class Units held in the deleted Fund or Fund Class to acquire Fund Class Units in any other Fund or Fund Class or to an Interest Investment Option offered under the Plan at that time as described in "Transfer Features"; or
- b) transfer the value of the Fund Class Units held in the deleted Fund or Fund Class to any other annuity policy offered by us at that time; or
- c) surrender the Fund Class Units held in the deleted Fund or Fund Class as described in "Surrender Features".

No fees or charges will be applied for the transfer or surrender of Fund Class Units held in a Fund or Fund Class to be deleted.

We will provide notice to you at least sixty (60) days prior to the deletion date of a Fund or Fund Class. The notice will be sent by regular mail to your address on our records. Transfers or deposits into the Fund or Fund Class to be deleted may not be permitted during the notice period. If you do not provide us with written notification of the option you have selected at least five (5) business days prior to the deletion date of a Fund or Fund Class, we will automatically apply option a) described above and transfer the value to one of the remaining Funds and Fund Classes available under the Plan. We will then select the Fund and the Fund Class to which the value of the Fund Class Units held in the deleted Fund or Fund Class is transferred. For the purpose of determining the value of the Fund Class Units to be surrendered from a Fund or Fund Class that is to be deleted and, if applicable, the acquisition of Fund Class Units in another Fund or Fund Class under the terms of the Plan, the effective date will be the first to occur of:

- a) within three business days of receipt of your notice to us of the option selected; and
- b) the deletion date of the Fund or Fund Class.

The value of Fund Class Units cancelled or acquired to effect a transfer from or to any Fund or Fund Class within the Segregated Funds Investment Option is not guaranteed but will fluctuate with the market value of the assets of the Fund.

Splitting of Fund Class Units

We may at any time elect to re-determine the number of Fund Class Units in a Fund. Any such re-determination of the number of Fund Class Units will be accompanied by a revaluation of Fund Class Units so that the value of the Fund Class Units credited to your Plan in the applicable Fund and Fund Class as at the date of the re-determination will remain the same before and after such re-determination.

Merger of Funds

We may, at any time, elect to merge a Fund with another one or more of our Funds. We will provide notice to you at least 60 days prior to the merger and of the options available to you as a result of the merger.

Fundamental Changes

A fundamental change will include:

- a) an increase in the management fee charged against the net assets of a Fund;
- b) a change in the investment objective of a Fund;
- c) a decrease in the frequency that Fund Class Units of a Fund are valued;
- d) if applicable, an increase in the fee charged for the 100% Maturity Guarantee Benefit Option if the increase is higher than the maximum allowable. (See “100% Maturity Guarantee Benefit Option”)

We will provide notice to you at least 60 days prior to making any fundamental change. The notice will disclose what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to transfer to a similar Fund that is not subject to the fundamental change or to surrender the Fund Class Units held in the affected Fund if a similar Fund is not available. There will not be any fees or charges for the transfer or surrender provided your election is received at our Head Office at least 5 days prior to the end of the notice period. You may also choose to remain in the affected Fund. Transfers or deposits into the affected Fund may not be permitted during the notice period. The notice will be sent by regular mail to your last known address as shown in our records.

A similar Fund shall mean a Segregated Fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the affected Fund at the time the notice is given.

Investment Policies and Restrictions

The Fund Classes have been established to provide benefits, which will vary in amount depending upon the Market Value of the assets of each Fund and the Fund Class Units of that Fund at the credit of your Plan. Each Fund has a fundamental investment objective, which determines the investment policies and restrictions for the Fund. The fundamental investment objective of a Fund can only be changed after we have provided advance notice to you (See “Fundamental Changes”). The investment policies and

restrictions may change from time to time, and we will provide notice to you of any material change. The fundamental investment objectives and strategies for each Fund are outlined in the Folder (see “Investment Policies” on page 25).

Interest of Management and Others in Material Transactions

No director, officer, associate or affiliate of Empire Life has had any material interest, direct or indirect, in any transactions, or in any proposed transactions within three years prior to the date of filing of this Information Folder, that would or will materially affect Empire Life with respect to the Funds.

Material Contracts and Facts

Effective January 1, 2012, Empire Life has named Empire Life Investments Inc. as the Investment Manager for the Segregated Funds.

Other than the Investment Management change noted above, there have been no other contracts entered into in the ordinary and normal course of business that can be reasonably regarded as material to Contract Owners. There are no other material facts relating to the investment policies that have not been disclosed in the Information Folder.

Tax Status of the Funds

Empire Life is subject to income tax at regular corporate rates on its business profits. Excluded from taxation are the investment income and capital gains allocated to Contract Owners from any Segregated Fund established under section 451 of the Insurance Companies Act (Canada). The Empire Life Funds are such Segregated Funds. The value of the Fund Class Units in the Funds attributed to a Plan will not be reduced by income tax on the income from monies invested in respect of that Plan or on the gains realized or unrealized on such investments. However, the Funds are subject to foreign withholding taxes on income derived from non-Canadian investments.

GENERAL INVESTMENT DETAILS

While the investments of the Funds are not currently subject to the provisions of the Insurance Companies Act, it is the practice of Empire Life to adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and to obtain the Funds' investment objectives. Empire Life adheres to the CLHIA Guidelines on Individual Variable Insurance Contracts relating to Segregated Funds (the IVIC Guidelines) that have been approved by the Canadian Council of Insurance Regulators.

Investment Strategies and Practices

General

Each Fund's assets will be invested as outlined under "Investment Objectives and Principal Investment Strategies" in the Investment Policies section of the Folder.

At present, Empire Life does not, nor does it intend to:

- a) borrow money in excess of 5% of the market value of the assets of the Fund in compliance with the IVIC Guidelines;
- b) invest or hold more than 10% of the market value of the Fund assets in the securities of any one corporate name (except for investments in bonds issued or guaranteed by the federal, provincial, municipal or territorial governments of Canada) nor own more than 10% of the market value of one corporate issue (excluding the exposure through index instruments);
- c) engage in the purchase and sale of real estate;
- d) make loans except for the purchase of debt securities, term deposits and money market securities;
- e) transfer securities between the Fund(s) and Empire Life;
- f) invest in securities of companies for the purpose of exercising control or management;
- g) shortsell or margin investments for the Funds;
- h) use derivatives for the purpose of leverage (leverage is the method by which a portfolio can take on additional risk by investing in the return of greater assets than the portfolio has cash to purchase those assets).

Any Fund permitted to use equity instruments is permitted to use Income Trusts, Exchange Traded Funds ("ETFs"), puts, calls, swaps, futures, forwards and other derivatives.

Any Fund permitted to use fixed income instruments is permitted to use derivatives such as options, futures, swaps, and forwards to adjust the Fund's duration, to gain exposure to income-producing securities, and to hedge against changes in interest rates or currencies.

Purchases and sales of securities are made at various brokerage houses depending on value received. No artificial formula or method is used in allocating purchases. Factors considered include research information, transaction costs and efficiency of execution.

In addition to the investment policies outlined, such part of each Segregated Fund as Empire Life Investment Inc. deems advisable may be held in short-term investments or cash. Empire Life Investment Inc. may modify the investment strategies for a Segregated Fund at any time within reasonable limits.

Equity Investment Process – Canadian Equities

Generally, unless otherwise specified, the investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style is bottom-up. It focuses on the fundamentals of individual stocks, where value is a prime investment criteria. Stocks are purchased to fit into a well-diversified portfolio and the expected investment horizon for individual holdings is 24 to 36 months or longer.

The stock selection process consists of identifying good companies whose stocks are undervalued. We focus on the quality and valuation of individual companies, carefully evaluating a company and its management. We look for management with a proven record of performance, a vision and clear strategy for future success and an orientation toward building shareholder value. Furthermore, we pursue companies with a strong competitive position, proprietary or innovative products, services or knowledge, and which operate in industries with high barriers to entry.

While our approach is "bottom-up" based, the macro-economic environment is important in terms of forecasting individual company earnings. In other words, the outlook for the industry, interest rates and other major economic forces are an important consideration in determining the value of individual companies.

A company's financial situation is also of utmost importance. Key financial considerations include 1) a strong balance sheet, 2) strong free cash flow, 3) a relatively low P/E ratio, and 4) a proven record of financial performance.

Where reference is made to the market capitalization of stocks, this refers to the free float of the stocks. As there is no specific industry definition of what comprises small, mid or large market capitalization stocks, the following is a general guideline for our investment in North American equities:

Small market capitalization stocks – those stocks with a free float of approximately \$1 billion or less;

Mid market capitalization stocks – those stocks with a free float of approximately \$2 billion or less;

Large market capitalization stocks – those stocks with a free float of approximately \$2 billion or more.

Equity Investment Process – U.S. Equities

Equity investment in the United States, where individual securities are selected to meet the investment objectives of a Fund, is achieved through the selection of individual securities, ETFs and American Depository Receipts (“ADRs”). The U.S. portion of a Fund may also invest in foreign currency exchange forward contracts, currency futures, and currency option contracts.

Investments will be made primarily in large market capitalization stocks although small and mid-market capitalization stocks may also be held. We define the market capitalization for these U.S. securities the same as for Canadian Equities.

Equity Investment Process – Non-North American Equities

Generally, unless otherwise specified, the investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style is bottom-up. It focuses on the fundamentals of individual stocks, where value is a prime investment criteria. Stocks are purchased to fit into a well-diversified portfolio and the expected investment horizon for individual holdings is 24 to 36 months or longer.

The stock selection process consists of identifying good companies whose stocks are undervalued. We focus on the quality and valuation of individual companies, carefully evaluating a company and its management. We look for management with a proven record of performance, a vision

and clear strategy for future success and an orientation toward building shareholder value. Furthermore, we pursue companies with a strong competitive position, proprietary or innovative products, services or knowledge, and which operate in industries with high barriers to entry.

While our approach is “bottom-up” based, the macro-economic environment is important in terms of forecasting individual company earnings. In other words, the outlook for the industry, interest rates and other major economic forces are an important consideration in determining the value of individual companies.

A company's financial situation is also of utmost importance. Key financial considerations include 1) a strong balance sheet, 2) strong free cash flow, 3) a relatively low P/E ratio, and 4) a proven record of financial performance.

Where reference is made to the market capitalization of stocks, this refers to the free float of the stocks. As there is no specific industry definition of what comprises Non-North American small, mid or large market capitalization stocks, the following is a general guideline for our investment in Non-North American equities:

Small market capitalization stocks – those stocks with a free float of approximately \$2 billion or less;

Mid market capitalization stocks – those stocks with a free float of approximately \$10 billion or less;

Large market capitalization stocks – those stocks with a free float of approximately \$10 billion or more.

Fixed Income Investment Process

Generally, unless otherwise specified, the fixed income investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style applies a mix of interest rate anticipation, curve positioning, country weightings, sector weightings, currency outlooks and active portfolio management.

The average duration of the portfolio is adjusted to reflect our outlook for interest rates over the next 12 months. Duration is a measure of the price volatility of a bond and is equal to the weighted average term to maturity of the bond's cash flows. The weights are the present values of each cash flow as a percentage of the present value of all cash flows. The greater the duration of the bond, the greater its percentage price volatility.

The portfolio's curve positioning reflects our views on the relative and absolute expected changes of short, medium and long-term interest rates. Our country weighting looks at the current and future assessment of each country's economic condition. Our sector mix of cash and government, supranational and corporate bonds is based on the overall economy of each country and its affect on each of the sectors. Lastly, we monitor the markets to take advantage of any trading opportunities that may arise without increasing the overall risk profile of the portfolio.

Fund in Fund Investments

The Segregated Funds may invest in secondary funds or in other Empire Life Funds in order to achieve their objectives. Contract Owners who invest in a Segregated Fund that invests in a secondary fund have purchased an insurance policy with Segregated Funds and are not unitholders of the secondary funds. Contract Owners are not entitled to any ownership rights of the units of a secondary fund. A copy of the Investment Policies and the audited Financial Statements for the secondary funds are available upon request from our Head Office. We will provide notice to you of any amendments to the investment objectives of the secondary funds.

Portfolio Funds

We currently offer five Portfolio Funds (the "principal funds"). These include the Conservative Portfolio Fund, Balanced Portfolio Fund, Moderate Growth Portfolio Fund, Growth Portfolio Fund, and Aggressive Growth Portfolio Fund. Each Portfolio Fund will invest primarily in units of Empire Life Segregated Funds (the "secondary funds"). A detailed description of the fundamental investment objectives and the target allocations established to achieve the objectives for each Portfolio Fund can be found in the Investment Policies section of the Folder. The target allocation will vary but will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objectives and the target allocation. We reserve the right to change the target allocation, and to remove, replace, or add secondary funds to help achieve the Fund's fundamental investment objectives without providing notice to you.

INVESTMENT POLICIES

General

The Fund Classes have been established to provide benefits, which will vary in amount depending upon the Market Value of the assets of each Fund and the Fund Class Units of that Fund at the credit of your Plan. Each Fund has a fundamental investment objective, which determines the investment strategies and restrictions for the Fund. The fundamental investment objective of a Fund can only be changed after we have provided advance notice to you (See “Fundamental Changes”). The investment strategies and restrictions may change from time to time, and we will provide notice to you of any material change.

Following is a brief description of each Fund available under the Plan as at the date this Folder was prepared. You may request a copy of the complete Statement of Investment Objectives and Policies adopted by each Segregated Fund at any time by contacting our Head Office. A copy of the Investment Policies and audited Financial Statements for a secondary fund are available upon request from Empire Life.

Canadian Equity Fund

Investment Objective

The fundamental investment objective of the Canadian Equity Fund is to provide long-term growth through capital appreciation by investing mainly in stocks of Canadian corporations with mid to large market capitalization.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up, value oriented stock selection process investing primarily in Canadian mid to large market capitalization stocks. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds, foreign securities and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Elite Equity Fund

Investment Objective

The fundamental investment objective of the Elite Equity Fund is to provide long-term growth through capital appreciation of equity investments in mainly large market capitalization stocks of Canadian companies.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up, value oriented stock selection process investing primarily in Canadian large market capitalization stocks, with some exposure to foreign securities. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Dividend Growth Fund

Investment Objective

The fundamental investment objective of the Dividend Growth Fund is long-term growth through a balance of above average dividend income and moderate capital appreciation of equity investments in stocks of primarily Canadian companies with a mid to large market capitalization.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up, value oriented stock selection process investing primarily in dividend paying Canadian mid to large market capitalization stocks. Equity investments include common stocks, preferred stocks, convertible preferred stocks, and convertible debentures. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Small Cap Equity Fund

Investment Objective

The fundamental investment objective of the Small Cap Equity Fund is long-term growth through capital appreciation of equity investments in stocks of mostly Canadian companies with mainly a small to mid market capitalization.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up, value oriented stock selection process investing primarily in Canadian small to mid market capitalization stocks. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds, foreign securities and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

American Value Fund

Investment Objective

The fundamental investment objective of the American Value Fund is long-term growth through capital appreciation of investments in common stocks of primarily U.S. companies with mainly mid to large market capitalization.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up, value oriented stock selection process investing primarily in U.S. mid to large market capitalization stocks. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, international stocks trading on U.S. exchanges (ADRs), Canadian common stocks, U.S. ETFs and other Empire Life Segregated Funds. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

US Equity Index Fund

Investment Objective

The fundamental investment objective of the US Equity Index Fund is to achieve a return similar to the S&P 500 Index by investing in futures contracts and/or exchange traded funds traded on major U.S. stock markets.

Principal Investment Strategies

In order to achieve its objective, the Fund will invest primarily in ETFs and/or futures contracts. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities. The Fund may use other derivative instruments.

Principal Risks

Market risk, sovereign risk, foreign currency risk, general derivatives risk, counterparty credit risk, liquidity risk, pricing risk, large investor risk, ETF risk and risks of investing in money market instruments.

International Equity Fund

Investment Objective

The fundamental investment objective of the International Equity Fund is to seek long-term capital growth through investment in a diversified portfolio of stocks of non-U.S. companies.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up value oriented stock selection process. The Fund will invest primarily in developed markets such as Europe and Asia, but may also invest in North America and in emerging markets. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, fund in fund risk, large investor risk, ETF risk, special equities risk and risks of investing in money market instruments.

Global Equity Fund

Investment Objective

The fundamental investment objective of the Global Equity Fund is to seek long-term capital growth through investment in a diversified portfolio of stocks from around the world, including the U.S.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up value oriented stock selection process. The Fund will invest primarily in developed markets such as North America, Europe, and Asia, but may also invest in emerging markets. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Global Dividend Growth Fund

Investment Objective

The fundamental investment objective of the Global Dividend Growth Fund is long-term capital growth through a balance of above average dividend income and moderate capital appreciation of equity investments in stocks of companies with primarily mid to large market capitalization from around the world.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up value oriented stock selection process investing primarily in dividend paying Global mid to large market capitalization stocks. Equity investments include common stocks, preferred stocks, convertible preferred stocks, and convertible debentures. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, trust investment risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Global Smaller Companies Fund

Investment Objective

The fundamental investment objective of the Global Smaller Companies Fund is long-term growth through capital appreciation by investing primarily in equity securities of small to mid market capitalization companies from around the world.

Principal Investment Strategies

In order to achieve its objective, the Fund will utilize a bottom-up value oriented stock selection process. The Fund will invest primarily in small to mid market capitalization stocks in developed markets such as North America, Europe, and Asia, but may also invest in emerging markets. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Business risk, market risk, sovereign risk, foreign currency risk, general derivatives risk, special equities risk, fund in fund risk, large investor risk, ETF risk and risks of investing in money market instruments.

Bond Fund

Investment Objective

The fundamental investment objective of the Bond Fund is stable long-term growth through a combination of a high level of interest income with preservation of capital achieved by investing in fixed-income securities issued and guaranteed by Canadian governments and corporations.

Principal Investment Strategies

In order to achieve its objective, the Fund will invest in bonds issued and guaranteed by the Government of Canada, the provinces, municipalities, territories and foreign governments as well as bonds, debentures and investment grade notes issued by corporations. The Fund may also invest in units of the Empire Life Money Market Fund or directly in money market instruments such as commercial paper, banker's acceptances, mortgage-backed securities and guaranteed investment certificates. The Fund may use derivative instruments.

Principal Risks

Interest rate movement risk, credit risk, general derivatives risk, fund in fund risk, large investor risk and risks of investing in money market instruments.

Income Fund

Investment Objective

The fundamental investment objective of the Income Fund is to earn a high level of interest income and modest capital gains, primarily through investments in investment grade Canadian corporate bonds.

Principal Investment Strategies

In order to achieve its objective, the Fund will invest primarily in investment grade bonds, debentures and notes issued by corporations, the Government of Canada, Canadian provinces, territories and municipalities, and foreign governments. The Fund will also have some exposure to high quality dividend paying Canadian stocks, convertible debentures and/or Income Trusts. The Fund may also invest in money market instruments such as treasury bills and short-term government and corporate debt securities, other Empire Life Segregated Funds and ETFs. The Fund may use derivative instruments.

Principal Risks

Each asset category held in the Income Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Money Market Fund

Investment Objective

The fundamental investment objective of the Money Market Fund is to achieve safety of capital and liquidity by investing in high quality short-term Canadian dollar denominated fixed-income securities issued and guaranteed by Canadian governments and corporations.

Principal Investment Strategies

In order to achieve its objective, the Fund will invest in short-term securities such as treasury bills and short-term debt issued and guaranteed by federal, provincial and municipal governments and their agencies. The Fund may also invest in short-term notes issued by Canadian chartered banks, trust companies and other Canadian corporations, and floating rate notes issued by Canadian corporations.

Principal Risks

Interest rate movement risk, credit risk.

Asset Allocation Fund

Investment Objective

The fundamental investment objective of the Asset Allocation Fund is long-term growth achieved by actively managing the asset mix of money market instruments, fixed income investments and equity investments in the Fund according to current market and economic conditions.

Principal Investment Strategies

In order to achieve its objective, the Fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified mix of primarily Canadian equity and fixed income securities. The Fund will also tactically shift its asset allocation to take advantage of investment opportunities. The Fund may acquire securities directly or hold units of other Empire Life Segregated Funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. The Fund may use derivative instruments.

Principal Risks

Each asset category held in the Asset Allocation Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Balanced Fund

Investment Objective

The fundamental investment objective of the Balanced Fund is stable long-term growth by balancing the objectives of capital appreciation and preservation of capital achieved by investing in a strategic mix of money market instruments, fixed income investments, and equity investments.

Principal Investment Strategies

In order to achieve its objective, the Fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified strategic mix of primarily Canadian equity and fixed income securities. The Fund may acquire securities directly or hold units of other Empire Life Segregated Funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. The Fund may use derivative instruments.

Principal Risks

Each asset category held in the Balanced Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Global Balanced Fund

Investment Objective

The fundamental investment objective of the Global Balanced Fund is to achieve long-term growth by balancing the objectives of capital appreciation from global equity securities and generating income from global fixed income securities. The investment objective of the equity portion of the Fund is to achieve long-term growth through capital appreciation by investing in a well diversified portfolio of large market capitalization stocks representing all of the major industries in countries around the world, including Canada and the U.S. The investment objective of the fixed income portion of the Fund is to generate investment income from a high quality, fixed income portfolio diversified by currency, region and issuer.

Principal Investment Strategies

In order to achieve its objective, the Fund will focus on a bottom-up, value oriented investment approach as the primary driver of long-term returns, investing in a diversified strategic mix of primarily global equity and fixed income securities. The Fund may acquire securities directly or hold units of other Empire Life Segregated Funds, invest in money market instruments such as treasury bills and short-term government and corporate debt securities and ETFs. The Fund may use derivative instruments.

Principal Risks

Each asset category held in the Global Balanced Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Conservative Portfolio Fund

Investment Objective

The fundamental investment objective of the Conservative Portfolio Fund (the principal Fund) is to provide stable long-term growth with an emphasis on capital preservation by investing primarily in units of Empire Life Segregated Funds (the secondary funds).

Principal Investment Strategies

In order to achieve its objective, the Fund may invest in units of investment Funds including but not limited to: Empire Life Segregated Funds, ETFs, externally managed segregated and/or mutual funds, and other investments. The target asset mix of the Conservative Portfolio Fund is 65% fixed income and 35% equities. The Fund will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objective and target asset mix.

Principal Risks

Each asset category held in the Conservative Portfolio Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Balanced Portfolio Fund

Investment Objective

The fundamental investment objective of the Balanced Portfolio Fund (the principal Fund) is to provide a balance between a high level of income and capital growth by investing primarily in units of Empire Life Segregated Funds (the secondary funds).

Principal Investment Strategies

In order to achieve its objective, the Fund may invest in units of investment Funds including but not limited to: Empire Life Segregated Funds, ETFs, externally managed segregated and/or mutual funds, and other investments. The target asset mix of the Balanced Portfolio Fund is 50% fixed income and 50% equities. The Fund will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objective and target asset mix.

Principal Risks

Each asset category held in the Balanced Portfolio Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Moderate Growth Portfolio Fund

Investment Objective

The fundamental investment objective of the Moderate Growth Portfolio Fund (the principal Fund) is to achieve long-term growth with an emphasis on capital appreciation, while still providing some income by investing primarily in units of Empire Life Segregated Funds (the secondary funds).

Principal Investment Strategies

In order to achieve its objective, the Fund may invest in units of investment Funds including but not limited to: Empire Life Segregated Funds, ETFs, externally managed segregated and/or mutual funds, and other investments. The target asset mix of the Moderate Growth Portfolio Fund is 35% fixed income and 65% equities. The Fund will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objective and target asset mix.

Principal Risks

Each asset category held in the Moderate Growth Portfolio Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Growth Portfolio Fund

Investment Objective

The fundamental investment objective of the Growth Portfolio Fund (the principal Fund) is to achieve long-term growth through capital appreciation, with some consideration given to generating income by investing primarily in units of Empire Life Segregated Funds (the secondary funds).

Principal Investment Strategies

In order to achieve its objective, the Fund may invest in units of investment Funds including but not limited to: Empire Life Segregated Funds, ETFs, externally managed segregated and/or mutual funds, and other investments. The target asset mix of the Growth Portfolio Fund is 20% fixed income and 80% equities. The Fund will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objective and target asset mix.

Principal Risks

Each asset category held in the Growth Portfolio Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

Aggressive Growth Portfolio Fund

Investment Objective

The fundamental investment objective of the Aggressive Growth Portfolio Fund (the principal Fund) is to provide long-term growth and capital appreciation by investing primarily in units of Empire Life Segregated Funds (the secondary funds).

Principal Investment Strategies

In order to achieve its objective, the Fund may invest in units of investment Funds including but not limited to: Empire Life Segregated Funds, ETFs, externally managed segregated and/or mutual funds, and other investments. The target asset mix of the Aggressive Growth Portfolio Fund is 100% equities. The Fund will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objective and target asset mix.

Principal Risks

Each asset category held in the Aggressive Growth Portfolio Fund will be subject to the same risks as described in the corresponding Segregated Fund. Refer to the descriptions of the Money Market, Bond, and Equity Funds.

POTENTIAL RISKS OF INVESTING

All investments carry some risks. The major risks associated with the Empire Life Segregated Funds are highlighted below.

Equity Funds

Outlined below are the principal risks of our equity Funds:

- business risks are the risks associated with developments in the business underlying the companies whose stocks are held in the Funds;
- market risks are associated with volatility in the stock market;
- sovereign risk refers to general economic, political, regulatory* and financial* risk in various countries where investments are denominated;
- foreign currency risk, that is, currency risk associated with the non-Canadian markets in which stocks are purchased.

*North American standards are generally more rigorous. Regulatory risk refers to the fact that the regulations in a certain country may not be as comprehensive as these standards while financial risk refers to the fact that accounting rules may not be as strict.

Because equity markets have historically been more volatile than fixed income markets, equity Fund unit values may fluctuate more than fixed income unit values. In addition, since the balance of these Funds are invested in money market securities, there is an additional risk as described in the risk section for Fixed Income Funds.

The Small Cap Equity Fund and the Global Smaller Companies Fund are exposed to the same risks as outlined for the other Empire Life equity Funds. In addition, these Funds are subject to special equities risk due to the generally smaller capitalization of the stocks held. Such companies may be newer companies with less experienced management. The impact of these risks may be magnified, resulting in a higher volatility of the unit price of the Small Cap Equity and Global Smaller Companies Funds. To the extent that other Empire Life equity Funds are invested in stocks of companies with smaller market capitalization, they will also be exposed to this risk.

Our equity Funds do not use derivatives for the purpose of leverage. Leverage is using assets and cash in a portfolio to control a greater dollar amount of assets than the portfolio would otherwise be able to acquire outright. This increases the risk of the portfolio. Leverage can be accomplished by borrowing money or using derivatives. A good example of using leverage is buying securities on margin.

Use of derivatives in the equity Funds may include futures, ETFs, common equity warrants, installment receipts for common equities, convertible preferred stocks and convertible debentures. These instruments may expose the Fund to derivatives risk as the price of any of these instruments will fluctuate in accordance with the fluctuations in the price of the stocks underlying the instrument, as well as, in many cases, with interest rates. These instruments are purchased as proxies for the common stocks.

Equity Funds may invest in Income Trusts. This may expose the Fund to trust investment risk where Income Trust investors may be held liable for certain obligations and claims of the trust should the assets of the Income Trust not meet the claim amounts.

Equity Funds may also use currency forwards, currency options and currency futures. Forwards are the primary instruments used for the purchase or sale of foreign currencies although futures and options can also be used. A forward contract or a future contract is a commitment to buy or sell a security at a certain price within a given period. An option is the right to buy or sell a security at a certain price within a given period. Following is an example of how a forward contract would be used to hedge a currency risk.

If a U.S. security is purchased, the Fund could be exposed to currency risk. The Fund manager may neutralize this risk by selling the foreign currency on the forward market. If the Canadian dollar gains in value against the foreign currency, the currency gain on the forward market offsets the currency loss on the foreign-denominated security. If the reverse happens and the foreign currency increases, the loss on the forward contract is offset by the currency gain on the security. In both cases, no currency gain or loss would be realized. There can be no assurance however, that the Fund's hedging strategies will be effective.

US Equity Index Fund

The US Equity Index Fund is a passive index fund that invests in various futures contracts and/or ETFs. It invests in this manner in order to closely track the performance of the index the Fund is attempting to simulate. A futures contract is a commitment to buy or sell a security at a certain price within a given period. The value of these contracts fluctuates in accordance with the fluctuations in the level of the index it represents. Holding futures exposes the US Equity Index Fund to derivatives risk, as explained in "General Derivatives Risk". Futures contracts are marked to

market daily, and the change in the value of the futures contract is reflected in the unit value of the Fund. Thus, one risk of the US Equity Index Fund is that it reflects the risk of its respective stock market. For example, the US Equity Index futures would reflect the risk of the U.S. stock market, as measured by the S&P500 Index. Another risk of this Fund is that it may have more of its net assets invested in an issuer(s) than is usually permitted. As the exposure to any one issuer increases, there is potential for liquidity risk to increase and the volatility to also increase. Additionally, a passive equity index fund that focuses on a single index may be considered less diversified than a fund that is attempting to simulate more than one index, and therefore will be more volatile.

In addition, since the balance of the value of the Fund is invested in money market securities, there is a risk as described in the risk section for Fixed Income Funds.

Fixed Income Funds

The principal risks of our fixed income Funds are the risks associated with interest rate movements. The market price of fixed income securities varies with changes in the overall level of interest rates and the creditworthiness of the issuers of the securities. In general, when interest rates rise, the market price of fixed income securities falls; on the other hand, when interest rates fall, the market price of fixed income securities rises. In addition, the longer the duration of the security, the greater the volatility in its price. To the extent a Fund invests in fixed income securities denominated in currencies other than the Canadian dollar, the Fund Class Unit Values for a Fund may fluctuate as a result of changes in currency exchange rates as well as be affected by the general economic and financial conditions in those countries where the securities are held.

Another potential risk is credit risk, which refers to the risk that the issuer of a fixed income security may fail to pay the principal and interest payments on the security in a timely manner, resulting in a decline in the value of the security. A high proportion of government issued or government guaranteed securities serves to reduce the overall credit risk of these Funds.

The fixed income Funds do not use derivatives for the purpose of leverage. Leverage is the method by which a portfolio can take on additional risk by investing in the return of greater assets than the portfolio has cash to purchase those assets. The use of derivatives is limited to futures, forwards and options.

Derivatives, such as options, futures, and forwards are used to adjust a Fund's average term to maturity, to gain exposure to income-producing securities, and to hedge against changes in interest rates or currencies.

Forwards are the primary instruments used for the purchase or sale of foreign currencies although futures and options can also be used. Futures and forwards are a commitment to buy or sell a security at a certain price within a given period. An option is the right to buy or sell a security at a certain price within a given period. Following is an example of how a forward contract would be used to hedge a currency risk.

If a foreign bond is purchased, the Fund could be exposed to currency risk. The Fund manager may hedge this risk by selling the foreign currency on the forward market. If the Canadian dollar gains in value against the foreign currency, the currency gain on the forward market offsets the currency loss on the foreign-denominated security. If the reverse happens and the foreign currency increases, the loss on the forward contract is offset by the currency gain on the security. In both cases, no currency gain or loss would be realized. There can be no assurance however, that the Fund's hedging strategies will be effective.

General Derivatives Risk

Generally, the risk of using derivatives to gain exposure to an underlying market (as in the US Equity Index Fund) or reduce exposure to a currency (as in the Income Fund) is the same as investing directly in the market or currency. However, there can be some additional risks which include counterparty credit risk, liquidity risk, margin or safe-keeping risk, and pricing risk, each of which is described below.

- A counterparty credit risk may exist when the issuer of the derivative is unable to meet its obligations, and this risk applies to derivatives that are traded over-the-counter as opposed to exchange traded derivatives.
- Liquidity risk refers to the possibility that a Fund may not be able to close out or sell its position in the derivative. When this happens, the Fund is unable to realize profits or restrict losses.
- Margin or safekeeping risk refers to the possibility of losing assets of a Fund due to the bankruptcy of a broker or dealer who may hold assets of the Fund on deposit.
- Pricing risk associated with derivatives refers to the risk that the price of the derivative may be distorted if trading in the underlying security is halted. Pricing risk also refers to the possibility that, in the event a derivative is purchased for hedging purposes, the price movement of the hedging instrument may not perfectly match that of the underlying security in which case the hedging strategy may not be effective in preventing loss.

Fund in Fund Risk

Depending on the size of the investment being made by the principal fund in a secondary fund and the timing of the redemption of this investment, a secondary fund could be forced to alter its portfolio assets to accommodate a large redemption request. This could negatively impact the performance of the secondary fund as it may have to dispose prematurely of portfolio assets that have not yet reached a desired market value, resulting in a loss to the secondary fund. Should this occur, it would also negatively impact the investment return of the principal fund. In addition, if the secondary fund suspends redemptions, the principal fund will not be able to value or redeem its units.

The risks associated with any of our Segregated Funds that invest in secondary funds or other Empire Life Funds will include the risks of the secondary funds or other Empire Life Fund(s) that the respective Segregated Fund invests in.

Large Investor Risk

Large investors such as financial institutions may purchase and redeem large numbers of units of one or more of our Segregated Funds. The purchase or redemption of a substantial number of units of a Fund may require the Investment Manager to significantly change the composition of a portfolio or force the Investment Manager to buy or sell investments at unfavourable prices. This may affect a Fund's performance and could increase realized capital gains or losses for the Fund.

Stapled Unit Risk

Stapled unit risk refers to the risk associated with investments in stapled units, equity investments which are two or more related securities that are linked together in one investment vehicle, bought and sold as one entity. Stapled units are subject to business and market risks similar to other equity investments, which include the possible loss of the principal amount invested.

ETF Risk

ETF risk refers to the risk associated with investments in ETFs which are mutual funds whose units are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular segment or index, and may be actively or passively managed to that segment or index. ETF's are subject to the following risks that do not apply to conventional funds:

- a) the market price of the ETF's units trade at a premium or discount to their net asset value;
- b) an active trading market for an ETF's units may not develop or be maintained; and
- c) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

ELITE AND ELITE XL INVESTMENT PROGRAM POLICY PROVISIONS

IMPORTANT INFORMATION

Delivery of the Policy Provisions does not constitute an acceptance by The Empire Life Insurance Company (“Empire Life”) of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice will be issued once we have received all of the required documents and your initial deposit. Any applicable endorsements or amendments will be sent to you with the confirmation notice and will form part of your contract.

Any part of the deposit or other amount that is allocated to a Segregated Fund is invested at the risk of the Owner and may increase or decrease in value.

Empire Life is the issuer of this non-participating deferred annuity contract and the guarantor of the Maturity Benefit and Death Benefit Guarantees as outlined in the Policy Provisions.



Mark Sylvia

President and Chief Executive Officer

These policy provisions will apply to both the Elite and Elite XL Investment Program Plans unless otherwise indicated.

Definitions

Where used throughout this contract:

“**accumulated value**” of a deposit made to an Interest Investment Option investment term will be equal to the deposit together with compound interest earned thereon from the date of deposit to the date in question. In the event that a partial surrender or transfer has been made, the accumulated value will be reduced at the time of and by the amount of such partial surrender or transfer. The accumulated value of the deposit at any time after such a partial surrender or transfer will then be equal to the accumulated value remaining at the credit of this deposit together with compound interest earned thereon from the date of such partial surrender or transfer;

“**Annuitant**” will mean the person on whose life any benefits payable will be determined;

“**current rate of interest**” will mean an effective rate of interest compounded annually, determined by the Company from time to time and applicable to a deposit made to an Interest Investment Option investment term under this policy;

“**deposit(s)**” are the premium amounts you pay to us, either directly or as a transfer from another policy with Empire Life or another financial institution under the terms of this contract;

“**Fund(s)**” and “**Segregated Fund(s)**” will, unless otherwise indicated, mean and include any one or all of the Segregated Funds available under the terms of this policy at any time;

“**Fund Class**” is the notional division of a Segregated Fund for the purposes of determining the management fee and the Guaranteed Maturity and Death Benefits;

“**Fund Facts**” shall mean the disclosure document that forms part of the Information Folder and, for specific information within the Fund Facts, part of the contract for the Elite and Elite XL Investment Program Plans;

“**Income Tax Act**” means the *Income Tax Act* (Canada) and regulations as amended from time to time;

“**Information Folder**” means the disclosure document in respect of the plan and the Fund information that is required under provincial insurance laws. The Information Folder includes the Fund Facts;

“**investment term**” will mean a period of time during which a deposit credited to the guaranteed interest option accumulates with compound interest at the applicable rate of interest which has been guaranteed not to change during that period;

“**last Annuitant**” shall mean the Annuitant, or if there is a Successor Annuitant, the last surviving Annuitant;

“**notice to us**” means notice in writing and received at our Head Office or such other form of notice that we have, by notice to you, indicated is acceptable;

“**notice to you**” means written notice sent by regular mail from the Company to your last known address according to our records;

“**rules**” means the administrative rules and procedures established for the contract by us from time to time. The operation of the contract and your rights as Owner are subject to such rules and procedures and no prior notice is required for a rule or procedure to become effective. Rules in effect at the time this contract is applied for are outlined in the Information Folder for the plan;

“**RSP**” means Retirement Savings Plan;

“**RIF**” means Retirement Income Fund;

“**savings plan**” means a non-participating deferred annuity;

“**schedule of fees and charges**” means the fees and charges we may apply on the surrender of value from any of the investment options of this policy. A surrender of value includes transfers between investment options, full or partial surrenders from the policy and, if this policy is a RIF, income payments from the policy. Fees and charges in effect at the time this contract is applied for are outlined in the Information Folder for the plan;

“**Tax-Free Savings Account (TFSA)**” shall mean a qualifying arrangement as defined in subsection 146.2 of the Income Tax Act;

“we”, “us”, “our”, “the Company” and “Empire Life” means The Empire Life Insurance Company and for purposes of a TFSA, the issuer of the TFSA;

“you”, “your” and “Owner” shall mean the legal owner and, for purposes of a TFSA, the holder of the TFSA.

Contract

The contract is the agreement between you and us. It consists of the application, these policy provisions, any endorsements or amendments issued as part of this policy and the confirmation notice issued by us.

The following information from the Fund Facts will also form part of the contract effective the date the Fund Facts were prepared and will remain in effect until such date as it is updated or replaced by a more current Fund Facts:

- a) the plan name and the Segregated Fund(s) name;
- b) the Management Expense Ratios (“MER”);
- c) risk disclosure;
- d) fees and expenses; and
- e) rescission rights;

The information provided within the Fund Facts is accurate and complies with the CanadianLife and Health Insurance Association Guideline G2 on Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds as of the date it was prepared. If there is an error on a Fund Fact we will take reasonable measures to correct the error. The error will not entitle you to specific Fund performance.

Current Fund Facts are available upon request or on our Web site at www.empire.ca.

If you have requested that this contract be registered under the Income Tax Act, the RSP, RIF or TFSA endorsement, as applicable, and any applicable locked-in endorsement is also included and made part of your contract. The provisions of the endorsement(s) will, where applicable, override the policy provisions.

We will not be bound by any amendment made to the contract by you or the Advisor unless it is agreed to in writing and signed by our President, Chief Executive Officer, or the Secretary and a Senior Vice-President.

This contract will be governed and interpreted in accordance with the laws of the Province or Territory of Canada in which you sign the original application for this policy.

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

Effective Date

The contract will be effective when a deposit has been paid by you and a confirmation notice is issued by us. The effective date will be indicated on the confirmation notice.

Automatic Termination of Contract

If at any time the value of the contract is less than the minimum required in accordance with our rules and in the immediately preceding fifteen months no deposit to the policy has been made, the Company will have the right to terminate the contract and pay the surrender benefit amount to you. The contract will terminate when it has no value remaining.

Currency and Place of Payment

Every amount payable either to or by us will be payable at our Head Office in lawful money of Canada. However, payments complying with any other arrangement agreed to by us may be made elsewhere.

Payment of Benefits

Before making payment of any of the benefits payable under the terms of this contract, we will require sufficient proof of the right of the claimant to receive such payment.

If the proceeds become payable by reason of the death of the Annuitant(s), the Company will also require due proof of death.

Beneficiary

The beneficiary(ies) to receive any amount payable on the death of the last Annuitant will be as you have designated in the application for this policy. You may from time to time by notice to us and to the extent that the law governing this policy allows:

- a) appoint a beneficiary or revoke a prior designation; and/or
- b) apportion or reapportion the proceeds payable.

If your beneficiary is designated irrevocable, the consent of that beneficiary is required to make any change.

We assume no responsibility for the validity or sufficiency of any such declaration.

Control of Policy

Subject to the provisions of the law governing this policy, including requirements under the Income Tax Act, and any other relevant legislation, and to the rights of any beneficiary, you may deal with this policy to the extent permitted by law.

Deposits

For policies with an effective date after June 07, 2009 deposits to the Segregated Funds will not be permitted after December 31st of the year the Annuitant turns 80 years old.

Except as otherwise noted, deposits may be made to this policy at any time while it remains in force. If this contract is to be registered under the Income Tax Act, provincial legislation and/or any pension legislation certain restrictions may apply as specified in the applicable endorsement(s).

Deposits must meet our rules regarding minimum deposits at the time of payment. Deposits of \$500,000 or more are subject to our approval.

Allocation of Deposits

Deposits can be directed by you, in writing, to any one or more of the Interest Investment Option investment terms or to acquire Fund Class Units in any one or more of the Segregated Funds available under this policy as at the date of deposit subject to the investment option minimums in effect at the time of deposit and any regulatory restrictions that may apply.

The initial deposit to this policy will be credited to the investment option(s) you have selected on the application. Unless you provide notice to us, future deposits will be credited on a proportionate basis to the same investment option(s) you have selected on the application. If you have not selected any investment option(s) on the application all deposits will be credited to the Treasury Interest Option (see "Interest Investment Options").

If a deposit is to be credited to the Interest Investment Option, it will be deposited into the general funds of the Company at the credit of this policy upon receipt of the deposit at our Head Office.

If a deposit is to be used to acquire Fund Class Units in a Segregated Fund, the deposit will normally be credited to the Segregated Funds Investment Option to acquire Fund Class Units in the selected Fund(s) within three business days of the date of receipt of the deposit at our Head Office. The resulting increase in the number of Fund Class Units at the credit of this policy in the selected Fund will be determined by dividing the deposit by the Fund Class Unit Value for the applicable Fund, determined on the valuation date coincident with or next following the date such deposit is credited to the Segregated Funds Investment Option. The method of calculating the Fund Class Unit value and the frequency of its change is outlined in Segregated Funds Investment Option.

The value of the Fund Class Units acquired by a deposit to the Segregated Funds Investment Option is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Rescission Right

You have the right to rescind your decision to invest in the Segregated Funds Investment Option. You must provide written notice of your desire to rescind the contract to us within two business days of receiving the confirmation notice. You will receive the lesser of:

- a) the market value of the portion of the deposit credited to the Segregated Funds Investment Option determined on the valuation date following the day we receive your request; or
- b) the amount of your deposit allocated to the Segregated Funds Investment Option.

You will be deemed to have received the confirmation notice five business days after we have mailed it.

You may also rescind subsequent deposits to the Segregated Funds Investment Option on the same conditions as outlined above except as follows:

- a) in the event you elect to rescind a subsequent deposit to the Segregated Funds Investment Option, the right to rescind will only apply to that deposit; and
- b) you must provide written notice of your desire to rescind the subsequent deposit to us within two business days of receiving the transaction confirmation notice; and

- c) there is no rescission right available for deposits to the Interest Investment Options or for regular monthly deposits to the Segregated Funds Investment Option.

The value of the Fund Class Units acquired by a deposit to the Segregated Funds Investment Option is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Retirement Income Payments

If you have requested that this contract be registered as a RIF under the Income Tax Act, retirement income payments must commence no later than the last day of the calendar year following the calendar year in which the initial deposit to establish this contract is made.

To the extent possible retirement income payments will be made in accordance with the directions you have provided on the application or by subsequent notice to us, subject to our rules at the time. The retirement income payments must meet the provisions of the Income Tax Act and this contract.

Retirement income payments are partial surrenders from the policy and the method of determining the surrender benefit value is as described in “Surrender Benefit” of this policy except that the effective date of determining the surrender benefit value may be up to one month prior to the due date of the retirement income payment to allow time for processing and handling.

If at any time an income payment is due and the total value remaining in this policy is not enough to make the retirement income payment, the Policy Value available, less any fees or charges that may apply in accordance with our schedule of fees and charges, will be paid and this contract will terminate. At no time will any retirement income payment be made which exceeds this value immediately before the due date of a retirement income payment.

The value of Fund Class Units cancelled from the Segregated Funds to provide an income payment from this policy is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Policy Value

The value of this policy at any time will be the sum of:

- a) the accumulated value of all deposits to the Interest Investment Option determined at the effective date in question; and

- b) the sum of the value of Fund Class Units at the credit of this policy in each of the Segregated Funds.

The value of Fund Class Units at the credit of this policy in each of the Segregated Funds will be determined by multiplying the number of Fund Class Units at the credit of this policy in each applicable Fund by the Fund Class Unit Value determined for that Fund on the valuation date coincident with or next following the effective date in question.

The value calculated for the purpose of a withdrawal (which includes any income payments, partial surrenders, automatic partial surrenders or transfers between investment options) from the Segregated Fund(s), will be determined by surrendering Fund Class Units at the credit of this policy in the respective Fund. The number of Fund Class Units surrendered times the Fund Class Unit Value of the applicable Fund, determined on the valuation date coincident with or next following the effective date for any withdrawal, will equal the value of the requested withdrawal plus any fee or charge that may apply in accordance with our schedule of fees and charges in effect at the time of such withdrawal.

The effective date for a scheduled income payment or automatic partial surrender will not be earlier than thirty days prior to the due date of the payment. The effective date for any other withdrawal will normally be within three business days of receipt of your written request for such withdrawal at our Head Office.

In any event, we have the right to defer determination and payment of any value for as long as any period of emergency beyond the control of the Company exists during which it is reasonably impractical for the Company to determine a Fund Class Unit Value for a Fund. The value, in this event, will be based on the Fund Class Unit Value determined for the respective Fund on the valuation date coincident with or next following the date such period of emergency ends.

Any portion of the Policy Value which is based on the value of Fund Class Units acquired in a Segregated Fund is not guaranteed but will fluctuate with the market value of the assets of the particular Fund.

Maturity Date

If you have applied for a savings plan or a TFSA, the initial Maturity Date of this policy will be the date you have selected on the application provided it is at least: a) 15 years after the effective date of the contract if you have chosen

to have the 100% Maturity Guarantee Benefit Option; otherwise b) ten years after the effective date of the contract (See “Contract”).

If you have not selected a Maturity Date on the application, we will automatically set one based on our rules in effect at the effective date of the policy. Our current rule is to set the Maturity Date at December 31st of the year the Annuitant is to attain age 120. The initial Maturity Date will be indicated on the confirmation notice.

If the plan applied for is a savings plan or a TFSA you may, by notice to us on or before the existing Maturity Date, elect to change the Maturity Date of this policy. The new Maturity Date must be at least ten years after the date such election is made or 15 years if you have chosen to have the 100% Maturity Guarantee Benefit Option.

For purposes of determining and applying the Maturity Benefit Value, the Maturity Date for a RIF will be the first to occur of:

- a) if the RIF is established as a conversion from an RSP within the same Plan, the Maturity Date of the RSP (See “RSP to RIF Conversion”), or
- b) the date 10 years after the RIF is established.

At that time, the provisions as outlined in Maturity Benefit Value will be applied.

Maturity Options

If the plan applied for is a savings plan or a TFSA, on the Maturity Date of this policy, provided the Annuitant is then living and this policy remains in force, you may apply for one of the following Maturity Options:

- a) choose a new Maturity Date based on our rules in effect at that time;
- b) purchase an annuity payable in equal monthly instalments commencing one month after the Maturity Date and payable to you for a period of ten years certain and monthly thereafter for such further period as the Annuitant shall live. The amount of each such monthly instalment will be the greater of:
 - (i) the amount determined based on our annuity rates in effect at that time; and
 - (ii) \$1.00 of monthly income per \$1,000 of the Maturity Benefit Value.

If the monthly instalments are less than \$50, we reserve the right to convert the amount so determined to

equivalent equal instalments of at least \$50 payable less frequently than monthly or to pay the Maturity Benefit Value to you;

- c) purchase an annuity of any other form we may offer at that time the amount of which will be determined based on our annuity rates then in effect for the form of annuity selected;
- d) convert to a RIF within the plan or an equivalent plan as available from us at the Maturity Date; (See “RSP to RIF Conversion”)
- e) take the Maturity Benefit Value as a lump sum payment;
- f) any other Maturity Option which we may offer at the Maturity Date of the policy.

If the plan applied for is a savings plan or a TFSA, and a Maturity Option as described above has not been selected we will automatically apply one of the following options:

- a) defer the Maturity Date for an additional 10 years after the current Maturity Date or 15 years if you have chosen to have the 100% Maturity Guarantee Benefit Option; or
- b) apply option b) of the Maturity Options described above if this policy is not registered as an RSP under the Income Tax Act and the Annuitant has attained the age of 80 years; or
- c) apply option d) of the Maturity Options described above if this policy is registered as an RSP under the Income Tax Act and the Annuitant has attained the maximum age prescribed for the maturity of an RSP.

If the plan applied for is a RIF the Segregated Funds Guaranteed Maturity Benefit will be determined on the Maturity Date. The policy will remain in force and income payments will continue.

Maturity Benefit Value

The value of the policy at the Maturity Date will be the accumulated value of all deposits at the credit of this policy under the Interest Investment Option determined at the Maturity Date and the greater of:

- a) the sum of the value of the Fund Class Units at the credit of this policy in each of the Segregated Funds determined on the valuation date coincident with or next following the Maturity Date; and
- b) the Segregated Funds Guaranteed Maturity Benefit.

The Segregated Funds Guaranteed Maturity Benefit will be equal to 75% of any deposits made to acquire Fund Class

Units in the Funds as described in “Allocation of Deposits” reduced in the same proportion that Fund Class Units being held in the Funds have been reduced as a result of any partial surrenders, income payments or transfers to the Interest Investment Option(s).

On the Maturity Date, the Segregated Funds Guaranteed Maturity Benefit will be compared to the value of the Fund Class Units at the credit of the policy. If the Segregated Funds Guaranteed Maturity Benefit is greater than the value of the Fund Class Units at the credit of the policy the Policy Value will be increased by the difference. The excess, if applicable, will be provided from the general funds of the Company and will be applied in accordance with our rules in effect at that time.

100% Maturity Guarantee Benefit Option

If your plan is a savings plan or a TFSA, you may apply to have the 100% Maturity Guarantee Benefit Option (the “Option”) on your policy. This is an optional benefit available at an additional charge that must be applied for at the same time as your plan.

We reserve the right to refuse an application for the Option. We also reserve the right to cease offering the Option on new applications at any time.

The Option, if selected, will increase the Segregated Funds Guaranteed Maturity Benefit to 100% of all deposits made to acquire Fund Class Units in the Segregated Funds provided there is at least 15 years from the date of deposit to the Maturity Date of your policy in effect at the date of deposit. For deposits with less than 15 years from the date of deposit to the Maturity Date of your policy in effect at the date of deposit the Segregated Funds Guaranteed Maturity Benefit will be 75% of the amount deposited. Any change to the Maturity Date applied after the date of any deposit(s) will not increase the Segregated Funds Guaranteed Maturity Benefit for that deposit(s).

The Segregated Funds Guaranteed Maturity Benefit will be reduced in the same proportion that the Fund Class Units being held in the plan have been reduced as a result of any partial surrenders, income payments or transfers to the Interest Investment Option(s).

The Option will remain in effect should you convert your RSP to a RIF within the plan.

There is a fee associated with the Option. The annual fee is currently 0.38% of the sum of the value of the Fund

Class Units at the credit of your plan in the Segregated Funds (excluding the Money Market Fund). The fee will be calculated and deducted annually and proportionately from the value of the Fund Class Units at the credit of your plan (excluding the Money Market Fund). We reserve the right to change the fee. If the annual fee is increased by more than the greater of 0.50% and 50% of the current annual fee it will be considered a fundamental change and notice will be provided to you 60 days in advance (see “Fundamental Changes”). A surrender of Fund Class Units to pay the fee will not affect the Segregated Funds Guaranteed Maturity and Death Benefits.

RSP to RIF Conversion

If the policy is a registered savings plan it may be converted to a RIF within the same or an equivalent plan that we may offer at that time. In this event:

- a) the Maturity Benefit Value of each investment option under this policy will be transferred to an equivalent investment option of the RIF;
- b) the retirement income payments will be based on the minimum payments required under the Income Tax Act and our rules in effect at the time of conversion unless we are notified otherwise;
- c) the beneficiary of the RIF policy will remain the same as the beneficiary on the savings plan policy unless we are notified otherwise;
- d) the Segregated Funds Guaranteed Maturity and Death Benefits will not be affected;
- e) the Maturity Date will remain the same for purposes of calculating the Maturity Benefit Value; and
- f) any fees or charges that may apply in accordance with our schedule of fees and charges will remain in effect.

If the plan is a locked in RSP (LIRA, RLSP or LRSP) it will be converted to a locked in RIF (LIF, RLIF, LRIF or PRIF) subject to the requirements of the applicable pension legislation.

Except for the Guaranteed Maturity Benefit, any portion of the Policy Value which is based on the value of Fund Class Units acquired in a Segregated Fund is not guaranteed but fluctuates with the market value of the assets of the particular Fund.

Death Benefit

If the plan applied for is a non-registered savings plan you may name a Joint or Successor Owner. Joint Owners shall be deemed to hold the contract as Joint Owners with right of survivorship, except in Québec. If all Owners predecease the Annuitant, the Successor Owner will become the Owner. However, in Québec, or if the policy is jointly owned without right of survivorship, the Successor Owner/Subrogated Policyholder will become the Owner if the applicable Owner dies. If there is no Successor Owner named, the Annuitant will become the Owner. In Québec a Successor Owner is known as a Subrogated Policyholder.

If the plan applied for is a non-registered savings plan you may name a Successor Annuitant any time prior to the Annuitant's death. The Successor Annuitant will become the Annuitant upon the death of the primary Annuitant. The contract will remain in force and no Death Benefit will be payable at that time.

If the plan applied for is a TFSA you may name your spouse or common-law partner as Successor Owner on the application or under the terms of your will. Upon your death your spouse or common-law partner will become the Owner and Annuitant and the contract will remain in force with no Death Benefit payable at that time.

If this policy is a RIF and if your spouse or common-law partner is named Successor Annuitant on the application or under the terms of your will, income payments will continue to your spouse or common-law partner from the date of your death. In this event your spouse or common-law partner will become the Owner and Annuitant and the contract will remain in force with no Death Benefit payable at that time.

Upon the death of the last Annuitant we will pay the Death Benefit Value to the beneficiary(ies). We will require proof of death of the Annuitant(s). Payment of the Death Benefit Value will be in one lump sum unless there are any regulatory restrictions to the contrary. Payment of the Death Benefit Value will terminate this contract. There are no fees and charges applicable to any Death Benefit payable.

Death Benefit Value

The Death Benefit Value will be equal to the sum of the accumulated value of all deposits at the credit of this policy under the Interest Investment Option determined on the effective date of cancellation of this policy and the greater of:

- a) the sum of the value of the Fund Class Units remaining at the credit of this policy in each of the Segregated Funds determined on the valuation date coincident with or next following the effective date of cancellation of this policy; or
- b) the Segregated Funds Guaranteed Death Benefit.

The effective date of the cancellation of this policy will normally be within three business days of the date of receipt of written notification of the death of the Annuitant(s) at our Head Office.

The Segregated Funds Guaranteed Death Benefit will be equal to the sum of 100% of any deposits made to acquire Fund Class Units in the Funds as described in "Allocation of Deposits" reduced in the same proportion that Fund Class Units being held in the Funds have been reduced as a result of any partial surrenders, income payments or transfers to the Interest Investment Option(s).

The excess, if any, of the Segregated Funds Guaranteed Death Benefit over the value of the Fund Class Units at the credit of this policy in the Segregated Funds will be payable from the general funds of the Company.

Except for the Guaranteed Death Benefit, any portion of the Policy Value which is based on the value of Fund Class Units acquired in a Segregated Fund is not guaranteed but fluctuates with the market value of the assets of the particular Fund.

Resets

No resets are permitted after December 31st of the year the Annuitant turns 80 years old.

Except as otherwise noted, if your plan is a savings plan or a TFSA you may, by providing notice to us, reset the Segregated Funds Guaranteed Maturity and Death Benefits provided there is at least ten years to the Maturity Date of your policy at the date of your request. Resets are subject to our rules and any regulatory restrictions that may apply.

The new Segregated Funds Guaranteed Maturity and Death Benefits will be calculated effective the date we receive your

request. The new Segregated Funds Guaranteed Maturity and Death Benefits will be determined as if a complete surrender and redeposit of the value of the Fund Class Units at the credit of your Plan had occurred. If the new Segregated Funds Guaranteed Maturity or Death Benefit is greater than the current Segregated Funds Guaranteed Maturity or Death Benefit, as applicable, then we will change it. Otherwise it will remain unchanged.

We reserve the right to refuse a reset request, or to change the reset provisions, in accordance with our rules. We also reserve the right to remove this provision from the contract at any time. We will provide notice to you 60 days prior to the cancellation of this provision.

Alternative Settlement Options

By notice to us prior to the Maturity Date you may elect an alternative settlement whereby the value of the policy is applied to provide any of the Maturity Options available under the provisions of this policy at the time of such request.

In this event, the value available for the alternative settlement will be the Policy Value determined as at the effective date of the alternative settlement reduced by any fees or charges that may apply in accordance with our schedule of fees and charges at the effective date of alternative settlement.

The effective date of alternative settlement will be the later to occur of a) within three business days of the date of receipt of your written request for an alternative settlement at our Head Office and b) the effective date of alternative settlement you request in your notice to us.

The beneficiary of this policy will have the right to apply the Death Benefit amount payable upon the death of the Annuitant(s) to the purchase of an alternative settlement as described above.

The value of Fund Class Units cancelled from the Segregated Fund(s) prior to maturity to provide an alternative settlement is not guaranteed but will fluctuate with the market value of the assets supporting the respective Fund(s).

Terms of Settlement

For settlement of any benefits due under this policy, we will require:

- a) proof of age unless the age of the Annuitant(s) and, where required, the age of the spouse or common-law partner have been previously established; and
- b) proof of death of the Annuitant(s), if applicable; and
- c) delivery of this policy to our Head Office for appropriate endorsement.

Surrender Benefit

By notice to us, you may request to receive payment of all or part of the Policy Value subject to any regulatory restrictions that may apply and our rules at the time of such request.

You may, subject to our rules, request that the value to be cancelled to process a partial surrender be withdrawn from whichever investment option(s) you choose.

The effective date of a full or partial surrender will normally be within three business days of the date we receive your written request for a surrender from this policy.

The Surrender Benefit Value determined for a full or partial surrender from this policy will be the value of the respective investment option as described in "Policy Value" reduced by any fees or charges that may apply in accordance with our schedule of fees and charges at the effective date of surrender.

If all of the Policy Value is surrendered, this policy will terminate.

In certain circumstances, you may be eligible to participate in our automatic partial surrender plan. Details regarding this option are available upon request.

If Fund Class Units are cancelled from the Segregated Funds to provide a partial surrender the Segregated Funds Guaranteed Death and Maturity Benefits will be reduced in the same proportion that the Fund Class Units credited to the plan have been reduced to provide such a surrender.

The value of Fund Class Units cancelled from the Segregated Funds to provide a full or partial surrender of value from this policy is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

Transfer Benefit

For policies with an effective date after June 07, 2009, transfers to Segregated Funds from other Investment Options, (i.e. Treasury Interest Option and Guaranteed Interest Option), will not be permitted after December 31st of the year the Annuitant turns 80 years old.

Except as otherwise noted, by notice to us you may transfer all or a portion of the value in any Interest Investment Option investment term or Segregated Fund to any other Interest Investment Option investment term or Segregated Fund under this policy subject to our rules. Any direction with respect to such transfers must be received at our Head Office before such transfer will be completed.

The value for transfer from any investment option will be the value calculated for that option as described in “Policy Value” reduced by any fees or charges that may apply in accordance with our schedule of fees and charges at the effective date of transfer.

The effective date of a transfer to another investment option will normally be within three business days of the date of receipt by us at our Head Office of the written request for transfer.

Each transfer of value to the Segregated Funds will be used to acquire Fund Class Units in the Fund to which the value is being transferred. Fund Class Units will be acquired in the Fund to which the value is being transferred as outlined in “Allocation of Deposits” as if the value being transferred was, upon its date of determination, a deposit to the policy to be credited to the Segregated Funds Investment Option. If the value being transferred is from one Fund to another Fund, the value being transferred will not be included as a deposit when determining the Segregated Funds Guaranteed Maturity and Death Benefits since the original payment to the Segregated Funds Investment Option has already been included for the purpose of these Guarantees.

Each transfer of value from a Fund to an Interest Investment Option will be credited as described in “Allocation of Deposits”. The Segregated Funds Guaranteed Maturity and Death Benefits will be reduced in the same proportion that the Fund Class Units credited to the policy have been reduced to provide such a transfer.

The value of Fund Class Units cancelled and/or acquired to effect a transfer from or to any Fund within the Segregated Funds is not guaranteed but will fluctuate with the market value of the assets supporting such Fund(s).

Investment Options

The investment options available under this policy include the Interest Investment Options and the Segregated Funds Investment Option and are described below. We reserve the right to add or withdraw investment options at any time.

Interest Investment Options

The Interest Investment Options include the Treasury Interest Option and the Guaranteed Interest Option. Deposits to these Options are deposited in the general funds of the Company at the credit of your Plan.

Treasury Interest Option

Deposits to the Treasury Interest Option will be credited to this policy as described in “Allocation of Deposits”. The investment term for any deposit to this option is, in effect, one day.

The current rate of interest associated with deposit(s) to this option will be based on short-term instruments and may change on a daily basis.

Guaranteed Interest Option

Deposits to the Guaranteed Interest Option will be credited to this policy as described in “Allocation of Deposits” for the investment term you have selected at the current rate of interest for such investment term.

The initial investment term for each deposit will be selected in writing at the time of payment by you from those then being offered by the Company. Each subsequent investment term will be of the same duration as the previous investment term unless:

- a) otherwise requested in writing by you prior to the end of the previous investment term;
- b) if this policy is a savings plan and the investment term would otherwise extend beyond the Maturity Date of the contract, in which event the investment term will then be deemed to be the longest investment term available under this policy which does not extend beyond the Maturity Date of this policy; or
- c) such investment term is no longer available under this policy, in which event the investment term will be determined by us unless otherwise requested in writing by you prior to the end of the previous investment term.

Investment terms and the current rate(s) of interest applicable to such investment terms available under this policy are as determined by us from time to time.

Interest Income Option

For deposits to the Guaranteed Interest Option you may, by notice to us, direct that the interest on a deposit be credited to another investment term or used to acquire Fund Class Units in one or more of the Segregated Funds on each deposit anniversary. In this event the interest

earned on that deposit will be credited to the investment option(s) selected as if the interest earned were a deposit to the policy on the date of payment of that interest as described in “Allocation of Deposits”. You may also direct that the interest on a deposit be paid to you on each deposit anniversary or more frequent intervals in accordance with our rules at the time of your request.

If this option is selected, the interest earned will not be compounded and the accumulated value of the deposit will be reduced by the amount of interest withdrawn from the deposit under this option.

Segregated Funds Investment Option

Deposits to the Segregated Funds Investment Option will be credited to this policy and used to acquire Fund Class Units in the Fund(s) you have selected as described in “Allocation of Deposits”.

Fund Class Units

Each Fund is divided into Fund Classes. Each Fund Class is divided into units. The number of Fund Class Units standing to the credit of this policy in a Fund at any time will be increased by the number of Fund Class Units subsequently acquired by deposits or transfers to the respective Fund and decreased by the number of Fund Class Units subsequently cancelled as a result of a transfer, withdrawal or other benefit provided by the Company in accordance with the provisions of this policy relating to such benefits.

The Fund Class Units of each Fund serve as an index of value for that Fund in a Fund Class and provide the basis of determining the amount in dollars of any benefit due under this policy where such benefit is expressed in terms of Fund Class Units of the applicable Fund and Fund Class.

The Funds themselves, the assets held in the Funds and their income and accretions will at all times be and remain the sole property of the Company.

Valuation Date

We determine the market value of the assets of each Segregated Fund at the close of business on each day that our Head Office is open for business and a value is available for the underlying assets of the Fund. This is the “valuation date” as referred to throughout this policy.

We reserve the right to schedule valuation dates for any Fund on a less frequent basis than stated above, however valuation dates will occur at least monthly on the last business day of each month.

Valuation of the Funds and Fund Class Unit Value

We will determine the value of a Fund Class Unit of each Fund on each valuation date of that Fund by dividing the Fund Class proportionate share of the market value of the net assets of that Fund attributable to all Fund Classes less operating expenses and management fees including taxes attributable solely to that Fund Class, by the number of Fund Class Units in the Fund on that date. This Fund Class Unit Value will be effective for all transactions involving the acquisition or surrender of Fund Class Units of the Fund since the last valuation date of the respective Fund.

The expenses incurred by or on behalf of a Fund are paid by that Fund and include:

- a) an investment management fee for management and administration services plus applicable taxes on the investment management fee; and
- b) any other expenses or charges incurred by the Fund, including any applicable taxes.

The market value of the assets constituting each Fund will be determined in accordance with the practice of the Company as established from time to time.

All income and accretions of a Fund will be used to increase the assets of the respective Fund. Otherwise there will be no participation in any surplus or profits of the Company.

Fund Class Units Credited to the Policy

Each payment made to the Company in respect of this policy will be converted into Fund Class Units of the applicable Fund in accordance with “Allocation of Deposits” and such Fund Class Units will be credited to this policy.

The Fund Class Unit Value of each Segregated Fund fluctuates with the market value of the assets constituting that Fund and as a result the value of the Fund Class Units credited to this policy is not guaranteed.

Splitting of Units

We may at any time re-determine the number of Fund Class Units in a Fund. Any such re-determination will be accompanied by a revaluation of Fund Class Units so that the value of the Fund Class Units at the credit of this policy in the applicable Fund will not be affected by such re-determination.

Fundamental Changes

A fundamental change will include:

- a) an increase in the management fee charged against the net assets of a Fund;
- b) a change in the investment objective of a Fund;
- c) a decrease in the frequency that units of a Fund are valued;
- d) if applicable, an increase in the fee charged for the 100% Maturity Guarantee Benefit Option if the increase is higher than the maximum allowable.

We will provide written notice to you at least 60 days prior to making any fundamental change. The notice will disclose what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to:

- a) transfer to a similar Fund that is not subject to the fundamental change; or
- b) redeem the Fund Class Units held in the affected Fund without incurring any fees provided your notice of election is received at our Head Office at least five business days prior to the end of the notice period; or
- c) remain in the affected Fund.

Transfers or deposits into the affected Fund may not be permitted during the notice period. The notice will be sent by regular mail to your last known address as shown in our records.

A similar Fund will mean a Segregated Fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the affected Fund at the time the notice is given. If a similar fund is not available your options would be:

- a) to redeem the Fund Class Units held in the affected Fund without incurring any fees provided notice of this election is received at our Head Office at least five days prior to the end of the notice period; or
- b) to remain in the affected Fund.

Addition or Deletion of Funds and/or Fund Classes

We reserve the right to add new Segregated Funds and/or Fund Classes to the investment options of this policy as we deem appropriate without providing advance notice to you.

In the event that a Fund or Fund Class is added to the investment options of this policy you may direct, by notice to us, that deposits to the policy be credited to

such additional Fund(s) or Fund Class(es). All terms and conditions applicable under the terms of this policy to the Segregated Funds will apply to such additional Fund(s) or Fund Class(es).

We also reserve the right to delete Segregated Funds or Fund Classes from the investment options of this policy as we deem appropriate without requiring approval from you. In the event that a Fund or Fund Class is deleted you may, subject to any regulatory requirements that apply to this policy, select one of the following options:

- a) transfer the value of the Fund Class Units held in the deleted Fund(s) or Fund Classes to acquire Fund Class Units in any other Fund or Fund Class or to an Interest Investment Option investment term offered under this policy at that time as described in “Transfer Benefit”; or
- b) transfer the surrender value of the Fund Class Units held in the deleted Fund(s) or Fund Classes to any other annuity policy offered by the Company at that time; or
- c) surrender the Fund Class Units held in the deleted Fund(s) or Fund Classes as described in “Surrender Benefit” without incurring any fees.

We will provide you with at least 60 days written notice of the deletion of any of the Segregated Funds or Fund Classes from the investment options of this policy. Transfers or deposits into the Fund or Fund Class being deleted may not be permitted during the notice period. Such notice will be sent by regular mail to your last known address as indicated on our records for this policy. If you have not provided us with written notification of the option selected at least five business days prior to the deletion date of such Fund(s) or Fund Class(es), we will automatically apply option a) of this provision and transfer the value to one of the remaining Segregated Funds and Fund Classes available under this policy. The Fund and Fund Class to which the value of the Fund Class Units held in the deleted Fund(s) or Fund Class(es) is transferred to acquire Fund Class Units will then be selected at our discretion. For the purpose of determining the value of the Fund Class Units to be surrendered from a Fund or Fund Class that is to be deleted and, if applicable, the acquisition of Fund Class Units in another Fund and Fund Class under the terms of this policy, the effective date will be the first to occur of a) within three business days of receipt of your notice to us of the option selected, and b) the deletion date of such Fund or Fund Class.

In the event of the deletion of Segregated Fund(s) and/or Fund Classes, the value of Fund Class Units cancelled or acquired to provide a transfer or surrender of value under this provision is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

RSP Endorsement

Note: this endorsement only applies to plans to be registered as an RSP under the *Income Tax Act* (Canada)

If you have requested that this policy be registered as an RSP under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation the following provisions form part of the contract and, if applicable, override anything to the contrary within the Policy Provisions:

1. Retirement income payments under the contract may not be assigned in whole or in part;
2. In the event of death of the Owner prior to the settlement of the contract, the proceeds will be payable in one sum;
3. The right to select a retirement income is limited to those described in Section 146(1) of the *Income Tax Act* (Canada);
4. Annuity payments to the Owner, or to the spouse or common-law partner of the Owner shall be in the form of equal annual or more frequent periodic payments and as specified in the *Income Tax Act* (Canada). Annuity payments may not be surrendered, commuted or assigned. However, in the event of the death of the Owner, any remaining annuity payments must be commuted and paid in one sum to the beneficiary, if other than the spouse or common-law partner. If the beneficiary is the spouse or common-law partner, payment of the annuity will continue under the terms of the settlement selected and subject to the terms of the *Income Tax Act* (Canada);
5. Notwithstanding Section 146(2)(a) of the *Income Tax Act* (Canada), if the Company is given proof that there is tax payable under Part X.1 of the *Income Tax Act* (Canada), (or, if applicable, a similar clause of a provincial act), then the Company will refund to the contributor all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the surrender benefit value of the plan. The Company may require return of the plan for endorsement;
6. No advantage that is conditional in any way on the existence of this contract will be extended to the Owner

or to a person with whom the Owner was not dealing at arm's length other than as specified in the *Income Tax Act* (Canada);

7. The contract must mature on or before the latest date specified in the *Income Tax Act* (Canada) for Retirement Savings Plans;
8. No premiums may be paid following the Maturity Date of the plan;
9. Prior to maturity and during the lifetime of the Owner, the Owner may request a payment in partial or in full settlement of the plan. Such payment will be made subject to the terms of the policy and the *Income Tax Act* (Canada).

RIF Endorsement

Note: this endorsement only applies to plans to be registered as a RIF under the *Income Tax Act* (Canada)

If you have requested that this policy be registered as a RIF under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation, the following provisions form part of the contract and, if applicable, override anything to the contrary within the Policy Provisions:

1. No payments will be made from the policy except as provided within the Policy Provisions and as provided under Section 146.3 of the *Income Tax Act* (Canada);
2. Neither the ownership of this policy nor any payment due under this policy may be assigned, in whole or in part;
3. Upon the death of the Annuitant, except where the Annuitant's spouse or common-law partner becomes entitled to receive income payments under the terms of the policy or the provisions of the will of the deceased Annuitant, we will pay the Death Benefit Value of the policy as provided in the Policy Provisions;
4. At the direction of the Annuitant, we will transfer, in whole or in part, the value remaining in the policy, as determined in accordance with the Policy Provisions, together with all information necessary for the continuance of the RIF, to another company who has agreed to be a carrier of another RIF for the Annuitant. Upon such transfer, if applicable, the Company will retain sufficient value to ensure that the minimum payment under the RIF for the year in which the transfer is made will be paid to the Annuitant in that year as described in the *Income Tax Act* (Canada);

5. We will not accept deposits to this policy other than money transferred from one of the sources described under the *Income Tax Act* (Canada);
6. No benefit or loan that is conditional in any way on the existence of this contract will be extended to the Annuitant or to a person with whom the Annuitant was not dealing at arm's length other than as specified in the *Income Tax Act* (Canada).

TFSA Endorsement

Note: These provisions only apply to this contract if the Owner has made an election to register this contract as a TFSA under the *Income Tax Act* (Canada).

The following provisions form part of the contract, and if applicable, override anything to the contrary within the Policy Provisions.

- 1) This contract will cease to be a TFSA if it is not administered in accordance with the conditions in subsection 146.2(2) of the *Income Tax Act* (Canada), when the contract ceases to be a qualified arrangement, as defined in subsection 146.2(1) or when the last Owner dies;
- 2) The contract will be maintained for the exclusive benefit of the Owner. Any right of a person to receive a payment out of or under the contract will be disregarded except if payment is being made in respect of the Owner's death;
- 3) No one other than the Owner or the Company will have any rights under the contract relating to the amount and timing of distributions and the investing of funds;
- 4) A contract ceases to be a TFSA upon the death of the Owner unless the Owner's spouse or common-law partner has been named Successor Owner;
- 5) No one other than the Owner may make deposits to the contract;
- 6) If the Company is given proof that there is tax payable under section 207.02 or 207.03 of the *Income Tax Act* (Canada) then the Company will refund to the Owner all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the market value of the contract;
- 7) No deposits may be made after the Maturity Date of the contract;
- 8) Upon receipt of notice from the Owner we will transfer, in whole or in part, the market value of this contract as determined in accordance with the Policy Provisions to another TFSA of the Owner;
- 9) This contract is intended to be a TFSA for the purposes of the *Income Tax Act* (Canada). This contract will be administered, and all contributions, distributions, transfers, refunds and other payments under this contract shall be made in accordance with the *Income Tax Act* (Canada), including the conditions applicable to a qualifying arrangement that are set out in subsection 146.2(2) of the *Income Tax Act* (Canada). We reserve the right to amend this contract if such an amendment is required for this contract to maintain its TFSA status.

The Empire Life Insurance Company (Empire Life) offers competitive individual and group life and health insurance, investment and retirement products to help you build wealth and protect your financial security.

Empire Life is among the top 10 life insurance companies in Canada¹ and is rated A (Excellent) by A.M. Best Company². Our vision is to be the leading, independently-owned, Canadian financial services company committed to simplicity, being easy to do business with and having a personal touch.

¹ *The Globe and Mail Report on Business*, June 2014, based on revenue

² As at May 21, 2014

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