

DATE: OCTOBER 4, 2017

No. 2017-22

CATEGORY: INVESTMENTS

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

SUBJECT: Launch of Empire Life Class Plus 3.0 and closure of Class Plus 2.1

Launch of Class Plus 3.0 Empire Life is pleased to introduce Class Plus 3.0. Our new GWB is built on the principles of simplicity and choice and is available on October 23, 2017.

Highlights of Class Plus 3.0:

- 4% annual Income Base Bonus for the first 20 calendar years of the contract¹
- New LWA payout rates for each age, including a 4% LWA at age 65
- Annual Automatic Income Resets mean client's income may be bumped up
- Income starts as early as age 55
- 75% Maturity and Death Benefit Guarantees
- 80% equity investment options available
- Retirement Income Privileges let clients stop and resume their income without penalty
- Lower Class Plus fees and total cost²

Other product changes Class Plus 2.1 changes:

- Class Plus 2.1 is being closed to new policies effective Friday, October 20, 2017 (4pm ET)
- Customers with a Class Plus 2.1 policy as of October 23, 2017 can continue to make deposits subject to a \$25,000 deposit limit for the remainder of 2017. The deposit limit for 2018 is \$25,000.
- There are no changes to the features or guarantees of existing policies.

Administrative details

- No new applications for Class Plus 2.1 will be accepted after Friday, October 20, 2017 (4pm ET)
- If you have set up a new policy through FundSERV before the October 20 deadline, paper applications will be accepted until T+2, as per normal settlement requirements
- Please destroy your existing stock of Class Plus 2.1 applications and the Information Folder and Contract Provisions (INV-944) and Addendum to the Class Plus 2.1 Information Folder (INV-944A).

Customer Notification

- A notice will be posted to our consumer website on October 23, 2017 to inform customers about the closure of Class Plus 2.1 and the deposit limit for 2017 and 2018.
- Customers will also be notified of the Class Plus 2.1 closure and deposit limit for 2018 in their December 31, 2017 statements.

Information Folders, Fund Facts and Applications

- The following items will be posted to empire.ca and available for order October 4, 2017. You can begin using these documents and applications with your clients and prospects no sooner than October 23, 2017.
 - INV-917 Class Plus 3.0 Application
 - INV-918 Class Plus 3.0 Application for a Nominee/Intermediary Account
 - INV-919 Class Plus 3.0 Application for a Tax-Free Savings Account (TFSA)
 - INV-1755 Class Plus 3.0 Information Folder and Contract Provisions
 - INV-1754 Fund Facts

Reference Mike Stocks, Vice-President and Chief Marketing Officer

LAUNCH OF EMPIRE LIFE CLASS PLUS 3.0 & CLOSURE OF CLASS PLUS 2.1 FREQUENTLY ASKED QUESTIONS

Q: *What is happening?*

A: We are pleased to announce the launch of a new Guaranteed Withdrawal Benefit (GWB) product, Class Plus 3.0. Class Plus 3.0 provides your clients with a guaranteed retirement income solution with lower Class Plus fees and total costs. Class Plus 3.0 will be available for new sales beginning Monday, October 23, 2017

With the launch of Class Plus 3.0 our current GWB product, Class Plus 2.1 contracts will no longer be available after 4pm EST on Friday, October 20, 2017. After October 20, 2017 deposits into Class Plus 2.1 will be subject to a \$25,000 deposit limit for the remainder of 2017. The annual deposit limit for 2018 is \$25,000.

Please contact your Empire Life Investments sales representative and review this Information Circular for more details on the launch of Class Plus 3.0 and the closure of Class Plus 2.1.

Q: *When will new Applications, Information Folders and Fund Facts be available for Class Plus 3.0?*

A: The following items will be posted to www.empire.ca/advisor and available for order on October 4, 2017. You can begin using these documents and applications in discussions with your clients and prospects no sooner than October 23, 2017.

Class Plus 3.0:

- o INV-917 Class Plus 3.0 Application
 - o INV-918 Class Plus 3.0 Application for a Nominee/Intermediary Account (web only)
 - o INV-919 Class Plus 3.0 Application for a Tax-Free Savings Account (TFSA)
 - o INV-1755 Class Plus 3.0 Information Folder and Contract Provisions
 - o INV-1754 Fund Facts
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Q: *When will new marketing materials be available for me to view and order?*

A: You can view and order advisor and client marketing materials on www.empire.ca/advisor beginning October 4, 2017.

Q: *What is the cut-off date to transfer funds from another institution into a new Class Plus 2.1 contract?*

A: The T2033 (or equivalent transfer form) and the Class Plus 2.1 application must be received in good order at Empire Life Head Office on or before 4pm ET, Friday, October 20, 2017. Applications can be submitted by mail/courier, fax, and through the Fast & Full Investment Application Process.

The funds must be received by Friday, December 8, 2017.

Q: *What is the cut-off date to open a new Class Plus 2.1 contract through the Fast & Full Investment Application Process?*

A: The Class Plus 2.1 application must be signed by all applicable parties in DocuSign and be received at Empire Life Head Office on or before 4pm ET, Friday, October 20, 2017.

All pending Class Plus 2.1 applications in the Fast & Full Investment Application Process will be deleted after the 4pm ET cut-off.

Q: *Can Class Plus 2.1 customers continue to add to their policies?*

A: Customers who currently have a Class Plus 2.1 contract, or whose application has been submitted in good order by the October 20, 2017 deadline, can deposit up to an additional \$25,000 for the remainder of 2017. Customers may deposit up to \$25,000 in 2018. No changes are being made to the investment options or guarantees.

Q: *Do Pre-Authorized Debits (PADs) count towards the \$25,000 annual deposit limit for Class Plus 2.1?*

A: Yes. The \$25,000 limit for the remainder of 2017 and for 2018 includes PADs. PADs can be changed at any time, subject to the \$25,000 deposit limit.

Q: *Can Empire Life limit deposits into Class Plus 2.1 at a later date?*

A: Yes, Empire Life has the right to limit deposit amounts at any time. We also have the right to refuse deposits.

Q: *Are you communicating these changes to customers?*

A: An announcement of the new Class Plus 3.0 product and the closure and deposit limits for Class Plus 2.1 will be posted to our customer website on Monday, October 23, 2017.

All Class Plus 2.1 customers will receive notification of the \$25,000 annual deposit limit for 2018 on their December 31, 2017 annual statement. Customers will receive their statements in late January 2018.

KEY DATES TO KNOW

Key dates	Description
Oct 4, 2017	<ul style="list-style-type: none">Visit www.empire.ca/advisor for details regarding Class Plus 3.0 and to view and order advisor and client marketing materials, Applications, Information Folders and Fund Facts
Oct 20, 2017 after 4pm	<ul style="list-style-type: none">Class Plus 2.1 contracts no longer availableClass Plus 2.1 \$25,000 maximum deposit limit, for remainder of 2017 and for 2018, comes into effect
October 23, 2017	<ul style="list-style-type: none">Class Plus 3.0 available for sale to new contracts
December 8, 2017	<ul style="list-style-type: none">Final day for T2033 funds to be received into Class Plus 2.1 policies for T2033s received at Head Office in good order before the October 20, 2017 deadline

¹ Income Base Bonus is a notional amount added to the Income Base at the end of each calendar year for the first 20 years if no withdrawals are made for that year. ² As compared to Class Plus 2.1. A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a Segregated Fund is invested at the risk of the contract owner and may increase or decrease in value.**