

EMPIRE LIFE INFORMATION CIRCULAR

DATE: January 21, 2013
CATEGORY: INVESTMENTS
TO: Managing General Agents, Associate General Agents, Brokers,
General Agents, Independent Financial Advisors and National Accounts
SUBJECT: December 31, 2012 Investment Statements

Nº. 2013-05

This Information Circular applies to all Empire Life investment plans or riders except Empire Class Segregated Fund Contracts.

The annual Customer Investment Statements for Empire Life investment plans or riders will soon be mailed. Advance advisor statement copies will be sent beginning January 21, 2013 and customer statements will be mailed starting January 23, 2013.

A PDF of the statements for Elite and Elite XL Investment Programs will also be available on the Business Centre on January 28, 2013.

What's in the Package

In addition to the statements, customers will receive the following inserts:

- a letter from Leslie (Les) Herr, President (copy attached)
- an Investment Update
- a Glossary of Terms
- "Give Yourself a Raise"—an additional deposit form to make it easy for customers to send additional deposits or increase their monthly contribution
- a business reply envelope

Segregated Fund Guarantee Reporting: Elite and Elite XL Policies

Where applicable, the Maturity and Death Benefit minimum guaranteed amounts will be displayed along with the policy's Maturity Date. Under the terms of the policy contract, the customer will receive **the higher** of this guaranteed minimum amount and the market value of the Segregated Funds at Maturity or Death. Please remember that the displayed guarantee amounts are for the Segregated Funds Investment Option of the policy only.

The Maturity and Death Benefit Guarantee values are bolded on the customer statements. The Maturity and Death Benefit Guarantees will increase with deposits and transfers from the Interest Investment Options. Withdrawals and transfers out of the Segregated Funds Investment Option will reduce the guarantees proportionately.

For the purposes of determining the Maturity Benefit Guarantee for a RRIF, the Maturity Date is either established as a result of an RRSP conversion within the same plan or the date is ten years after the effective date as noted on the Policy Confirmation Notice. The Maturity Benefit Guarantee and Maturity Date will be displayed on RRIF statements only until the Maturity Date has been reached.

**Things you
should know
about the
statements**

- The 2012 Investment Funds Annual Report will be available as of April 30, 2013. To obtain a copy, we are advising our customers to visit our [website](#), [email us](#), or reach us by phone at 1 800 561-1268. We no longer include the Opt-in letter for the annual report in the statement mailing.
- The format of the annual investment statement for Structured Group Registered Retirement Savings Plans has been changed to include the maturity benefits as well as a visual representation of the policy investment mix. Copies of the individual plan member statements will no longer be sent to the plan administrators. The plan administrators received a letter explaining this change with the December 2010 annual statements.
- The advisor shown on the statements is the *Servicing Advisor* as of December 31, 2012.
- Personal Rates of Return on Segregated Fund investments are calculated using the industry standard time-weighted rate of return formula currently used on our Envision software. The statements report historical 1, 3 and 5 year compounded rates of return for current Fund holdings only where more than one complete year of history exists. These Personal Rates of Returns are calculated after taking into consideration sales commissions paid, as well as all expenses, management and administrative fees.
- Policies with the 100% Maturity Guarantee Benefit Option may see an Annual Fee on the statement. The annual fee of 0.38% of the fund value, excluding the Money Market Fund, is applied to each Fund on a proportionate basis and charged on the policy anniversary date.
- The customer has 30 days in which to contact their advisor of any discrepancy on their statements.

**Special notes on
older Investment
plans**

Some of our older investment plans including SIP, LIP, old SI and some VIP policies will show an additional deposit on December 11, 2012. These deposits represent a management fee adjustment, which is not receiptable, commissions are not payable or loads deducted.

You may receive inquiries from customers about loads appearing on the statements for older PIP policies. The following example shows how the charges for a deposit to a PIP are calculated:

Gross Deposit	\$ 100.00
Less Policy Fee	<u>- 2.50**</u>
	= \$97.50
Less 5% Load	- 4.88
Net Deposit	<u>= \$ 92.62</u>
Total Charge	\$ 7.38

**This fee is based on the issue date and payment method as shown below:

Issued before October 1, 1988

PAC	\$ 2.50
Direct Bill	\$ 3.00
Annual	\$20.00

Issued after October 1, 1988

PAC	\$ 1.80
Direct Bill	\$ 2.80
Annual	\$20.00

Reference Carol Anne Bracciodieta, Director, Investment Operations, Customer and Dealer Services