

Date: January 17, 2011**Nº. 2011-03****Category:** Investment**To:** Managing General Agents, Associate General Agents, Brokers,
General Agents and Independent Financial Advisors**Subject:** **December 31, 2010 Investment Statements**

This Information circular applies to all Empire Life Investment Plans or Riders except Empire Class Segregated Fund Contracts.

The annual Client Investment Statements for Empire Life investment plans or riders will soon be mailed. Advance advisor statement copies will be sent beginning January 20th and client statements will be mailed starting January 26th.

A PDF of the statements for Elite and Elite XL Investment Programs will also be available on the Business Centre on January 24, 2011.

**What's in the
Package**

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

- a letter from Leslie (Les) Herr, President (copy attached)
- an Investment Update
- a letter regarding upcoming Empire Life Portfolio Manager Changes
- "Give Yourself a Raise" an additional deposit form to make it easy for clients to send additional deposits or increase their monthly contribution, and
- 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 client 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 client 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 2010 Investment Funds Annual Report will be available as of April 30, 2011. To obtain a copy, we are advising our clients to visit our website at www.empire.ca or contact Empire Life by e-mail at customerservice@empire.ca or 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 be sent to the plan administrators for the last time with this annual statement mailing. The plan administrators will receive a letter explaining this change.
- The advisor shown on the statements is the *Servicing Advisor* as of December 31, 2010.
- 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 client 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 14, 2010. These deposits represent a management fee adjustment, which is not receiptable, commissions are not payable or loads deducted.

You may receive inquiries from clients 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 Retail Wealth Operations



December 2010

A Message from Les Herr, President and Chief Executive Officer

For the past year, many investors have been watching anxiously as domestic and global markets continue to be volatile.

There is no question the global economic crisis has had an enormous impact on Canadians. I've been in the financial services industry for more than 25 years and this is the highest level of uncertainty I have ever seen.

But there is good news. The good news is you are investing with a Canadian company with more than 40 years of investment management experience in all kinds of markets. Our investment management team continues to focus on high quality, long-term investment opportunities to provide solid returns. The good news is our segregated fund guarantees give you an extra level of protection no matter what the headlines report.

Let's hope 2011 brings more good news. In the meantime, I encourage you to talk to your advisor and review your financial plan. Your advisor can help you make important decisions to help you feel confident in your financial future.

Thank you for choosing Empire Life and giving us the opportunity to help you build and protect your wealth.

Sincerely,

Leslie (Les) C. Herr

President & Chief Executive Officer

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