

EMPIRE LIFE INFORMATION CIRCULAR

DATE: January 23, 2012

Nº. 2012-05

CATEGORY : INVESTMENT

TO : Managing General Agents, Associate General Agents, Brokers,
General Agents, Independent Financial Advisors

SUBJECT : **Empire Class Segregated Funds December 31, 2011 Investment Statements**

Mailing dates We are targeting January 27, 2012 to courier statement copies to MGAs, Dealers and advisors. Customer statements are targeted to be mailed by February 1, 2012.

What's in the package In addition to the statements, customers will receive the following inserts :

- A letter from our President, Les Herr (copy attached)
- An Investment Update

Statement issues We have encountered some issues with a small percentage (approximately 7%) of Class Plus® year-end customer investment statements that are showing incorrect information.

The incorrect information is related to the following Class Plus features: Class Plus fee, Lifetime Withdrawal Amount (LWA), Income Base Bonus and the Bonus Base. The adjusted RIF minimum is reporting last year's RIF minimum on some statements. Also, the triennial resets are not calculated correctly.

We have pulled these statements from the main statement mailing and will be sending these customers their statement with amended information as soon as the information is corrected. We will send you copies of the amended information as well.

Online information These issues are affecting information reported currently on Advisortrax. We are delaying providing customers with access to their accounts through Investortrax until we have resolved these issues.

What's different We are committed to continued improvement of our customer statements. The look and feel and some of the terminology on the statements has changed. Changes include:

- The Management Fee listed under Transaction Details is the Class Plus Fee
- The Transaction Details show deposits and redemptions, but not switches
- The Change in Market Value is now displayed as the Rate of Return
- The statements will now report the Book Value and Average Cost. Contact our customer service team if you have questions on how these items are calculated.
- The reset anniversary date is not reported on the statement—our Customer Service Team can provide this information
- The Class Plus *Glossary of Terms* and *Year End Detail Information* will show on both Class and Class Plus statements

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**Segregated
Fund Guarantee
Reporting**

The Maturity and Death Benefit Guarantee amounts are displayed along with the contract's Maturity Date in the Contract Registration Information section. Under the terms of the contract, the customer will receive **the higher** of this Guaranteed minimum amount and the market value of the Segregated Funds at Maturity or Death.

**Other things
you should
know about the
statement**

- Customers have 30 days in which to contact their advisor regarding any discrepancy on their statement(s).
- For Class Plus contracts the Maximum Withdrawal Allowance or the Lifetime Withdrawal Amount (LWA) is calculated and displayed regardless of the plan type. Payments are governed by the appropriate pension legislation

Questions

If you have any questions on the year-end Class investment statements, you can call our customer service team at **1 888 698-5554**, Monday to Friday 8:30 a.m. to 8 p.m. EST and in Quebec from 8:30 a.m. to 5 p.m.

Reference

Carol Anne Braccioldieta, Director, Investment Operations, Customer and Dealer Service



December 2011

Working through market volatility and uncertainty

A note from Les Herr, President & CEO

This past year has been one marked by unusually high levels of market volatility and uncertainty. The European debt crisis and threat of another global recession have been major factors influencing the market on an almost daily basis.

We have been managing money and investments for Canadians for more than 45 years and have worked through difficult periods before. Experience has shown us that during tough markets, it's even more important to not stray from your long-term strategy. We continue to address market challenges, as we always have, by taking a conservative, value-oriented approach focused on capital preservation and long-term growth.

At this time of the year, I encourage you to talk with your advisor to review your financial plan and determine if it is doing what it should to help you achieve your goals.

We value your business and the opportunity to help you build and protect your wealth.

Sincerely,

A handwritten signature in black ink, appearing to read "Les Herr".

Les Herr
President and Chief Executive Officer