

EMPIRE LIFE INFORMATION CIRCULAR

DATE: October 1, 2012

Nº. 2012-19

CATEGORY: INSURANCE

TO: Managing General Agents, Associate General Agents, Brokers,
General Agents, Independent Financial Advisors and National Accounts

SUBJECT: **Guidelines for the Optimax Paid-up Additions Rider**

The following guidelines are designed to help you understand the Optimax Paid-up Additions Rider. These guidelines reflect our current practice based on current industry standards for tax-sheltering funds within a participating life insurance contract (new or existing) and are subject to change or withdrawal without notice.

Guidelines The Paid-up Additions Rider may be added to an Optimax policy under these conditions.

- Must be purchased at time of application
- Must select Paid-up Additions or Extender Plus Paid-up Additions for Dividend Option
- Life Insured must be approved standard risk (not available for any rated cases)
- Minimum deposit for a given year is \$15/mo or \$180/year
- Maximum deposit for a given year will be determined by the Empire Life Envision software. Limits are calculated to ensure the policy remains exempt under the *Income Tax Act* (Canada)
- It is our contractual right to request evidence of insurability before processing a Paid-up Additions Rider. Our current practice is to request evidence of insurability in the following situations:
 - Current purchase will result in an increase in the coverage's Total Death Benefit in excess of 8%
 - Deposit pattern for the Optimax Paid-up Additions Rider differs from deposit pattern originally illustrated (i.e., larger deposit than originally illustrated or there have been missed deposits versus what was originally illustrated).
- Deposits paid monthly into the policy will accumulate at the posted daily interest rate until the next policy anniversary, at which time the Paid-up Additions will be purchased with the available funds
- Deposits are subject to a 2% premium load and an additional 5% expense load is charged on the purchase of the Paid-up Additions
- If the dividend option selected is Paid-up Additions, the total estate benefit and total cash value grow as a result of the extra deposit

**Guidelines
Continued**

- If the dividend option selected is Extender Plus Paid-up Additions, the total estate benefit will not immediately increase, but the total cash value will increase as a result of the extra deposits. These Paid-up Additions will buy out the yearly term insurance and accelerate the time until the total estate benefit will increase.

Please note that this is current practice for Empire Life and is subject to change without notice.

Reference **Cameron Walker**, Manager of Product Development, Retail Insurance Products & Marketing