

EMPIRE LIFE INFORMATION CIRCULAR

DATE: November 19, 2012

Nº. 2012-22

CATEGORY: INVESTMENTS

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

SUBJECT: Notice of Class Plus Deposit Limits

Announcement Empire Life Class Plus is the last remaining 5% at age 65 Guaranteed Minimum Withdrawal Benefit solution available without restriction today. This circumstance has fuelled a spike in demand and as a result, Empire Life is limiting deposits to Class Plus for the remainder of 2012.

Class Plus Contribution Limits Effective Monday, November 26, 2012, Class Plus deposits will be subject to a \$50,000 limit for the remainder of 2012. Deposits made to Class Plus include new deposits and switches from other classes.

Starting on November 26, 2012:

1. Class policyholders will be allowed to contribute an additional \$50,000 to their existing Class Plus policy for the remainder of 2012.
2. New Class Plus policies will be permitted to be opened, subject to a deposit limit of \$50,000 per policy for the remainder of 2012.

We thank you for understanding that these changes are necessary to continue offering Class Plus to your clients. A further announcement will follow in early December containing exciting details on the launch of Class Plus 2.

Customer Notification An announcement regarding the Class Plus deposit limits will be posted on our website on November 19, 2012. As this change does not affect the guarantees or features of Class Plus, we will not be mailing letters to customers.

Information Folder There is no change to the Class Information Folder or contract.

Attachments An FAQ is contained for your reference. It includes Empire Life contact information should you have any further questions.

Reference Julie Yoshikuni, Vice-President, Retail Investment Products and Marketing

CLASS PLUS –DEPOSIT LIMITS FREQUENTLY ASKED QUESTIONS (FAQ)

For advisor use only
November 19, 2012



1. What is happening to Empire Life Class Plus®?

Empire Life Class Plus (Fund Class G and H) is the last remaining 5% at age 65 Guaranteed Minimum Withdrawal Benefit solution available without restriction today. This circumstance has recently fuelled a spike in demand and as a result, Empire Life is limiting deposits to Class Plus for the remainder of 2012.

Effective **Monday, November 26, 2012:**

1. Existing Class Plus customers: Customers who have already invested in Class Plus will be allowed to deposit up to \$50,000 to Class Plus until the end of the year. This deposit limit excludes any deposits made prior to November 26th.
2. New Class Plus customers:
 - a) Customers who have an Empire Class Segregated Fund Contract but have not invested in Class Plus funds will be permitted to make deposits to Class Plus, subject to the \$50,000 deposit limit for 2012 and the \$10,000 minimum for Class G.
 - b) New customers will be permitted to open a Class Plus policy, subject to the \$50,000 deposit limit and the \$10,000 minimum for Class G.

Deposits made to Class Plus include new deposits and switches into Class Plus from Class and/or Elite/Elite XL, in accordance with our switch rules.

2. What happens to the Class Plus deposit limits in 2013?

We will continue to monitor the demand for Class Plus. Should we need to limit deposits in 2013, we will advise you prior to January 1, 2013.

3. How are you communicating to customers?

We will post an announcement regarding the Class Plus deposit limits on the public website on November 19, 2012. As this change does not affect the guarantees or the features of Class Plus, we will not be mailing letters to customers.

4. Will there be an amendment to the Empire Class Segregated Funds Information Folder or Contract Provisions?

An amendment is not necessary as this is not a contractual change.

5. Can customers still invest in Fund Class H funds for the first time, even though the deposit limit is \$50,000?

No. Unfortunately, the deposit limits mean that if customers have not yet invested in Class H funds they will not be able to do so this year after 4:00 pm ET, Friday, November 23, 2012. If customers are invested in Fund Class H by 4:00pm ET, Friday, November 23, 2012, they are permitted to make additional deposits subject to the \$50,000 limit for 2012.

6. My client is currently transferring funds into Class Plus from another institution. Will you accept the transfer?

If the T2033 (or equivalent transfer form) and the Empire Class Segregated Fund Application for Class Plus, are received in good order at Empire Life c/o Citi (Mississauga, Ontario) on or before 4:00 pm ET, Friday, November 23, 2012, the transfer will be accepted, provided the funds are received by February 23, 2013.

Additional deposits to Class Plus (excluding the transferred amount) will be subject to the \$50,000 deposit limit for 2012.

7. What happens if the transfer is an amount in excess of \$50,000?

If the T2033 (or equivalent transfer form) and the application for Class Plus are received in good order at Empire Life c/o Citi (Mississauga, Ontario), on or before 4:00 pm ET, Friday, November 23, 2012, the transferred funds will be accepted in 2013, even if the amount exceeds the \$50,000 limit, provided the funds are received by February 23, 2013. Please note that Empire Life's regular depository review (i.e. large deposit review and limitations) will be applicable.

Any subsequent deposits in 2012 (excluding the transferred amount) will be subject to the \$50,000 deposit limit starting on November 26th.

8. Do Pre-Authorized Deposits (PAD) count towards the \$50,000 limit for Class Plus?

Yes. The \$50,000 limit for the remainder of the year includes PADs.

9. If Class Plus customers don't have an existing PAD, can they still establish one?

Yes, but starting on November 26th, they will be subject to the \$50,000 deposit limit for the remainder of 2012.

10. What is happening to the other Empire Class Segregated Funds (Fund Classes B, C, D and E)? Can customers still invest in those Funds?

Yes. No changes are being made to Fund Classes B, C, D and E and they are still available as investments for customers. These Fund Classes are not subject to the Class Plus \$50,000 deposit limit.

11. Can Empire Life limit deposits to Empire Class Segregated Fund contracts?

Yes, Empire Life has the right under the Contract to refuse or limit the amount of deposits.

12. Who can I contact to find out more about these changes?

Please contact your regional sales representative or call our client services representatives at 1-888-698-5554.

13. What are you announcing in early December?

Empire Life is committed to offering a guaranteed income solution to your clients. An announcement will follow in early December containing exciting details on the launch of Class Plus 2.