



ANNUITY SETTLEMENT OPTION

Estate planning flexibility and control

The Empire Life Annuity Settlement Option provides clients with greater flexibility in distributing their death benefits to meet each beneficiary's needs.

Most settlement options only offer a lump-sum or annuity payout. This 'one or the other' approach may not meet the needs of your clients who demand greater flexibility and control. Our Annuity Settlement Option lets clients choose a combination of lump sum and annuity payments for each beneficiary.



Key information

- Customize with a combination of lump sum and Life or Term Certain annuity
- Add to any in-force or new Empire Life contract
- Available with registered and non-registered contracts
- Accommodates multiple beneficiaries and their unique needs
- Can be easily changed or revoked at any time
- No costs to the estate or the beneficiaries

Our Annuity Settlement Option may suit clients who:

- Worry their beneficiaries may not cope well with a large wealth transfer
- Have dependent beneficiaries that require lifetime income for ongoing care
- Want to distribute their assets in a gradual and discreet manner outside their will

FOR ADVISOR USE ONLY

Insurance & Investments
Simple. Fast. Easy.®



Annuity Settlement Option – common questions and answers

General information

1. What is the Empire Life Annuity Settlement Option?

The Annuity Settlement Option allows clients to customize how death benefit proceeds are paid out to beneficiaries. Rather than having the proceeds paid out all at once, clients can choose to distribute some or all of the proceeds to beneficiaries gradually, as annuity payments.

2. What makes the Empire Life Annuity Settlement Option different?

Most annuity settlement options offer only a full lump sum payment or full annuity payment option. Our Annuity Settlement Option lets clients choose any combination of lump sum and annuity payments, giving clients the ability to design a custom solution that meets their unique needs and wishes.

3. What type of client would be interested in the Annuity Settlement Option?

It may be appropriate for clients who:

- Worry their beneficiaries may not cope well with a large wealth transfer
- Have dependent beneficiaries that require lifetime income for ongoing care
- Want to distribute their assets in a gradual and discreet manner outside their will

4. What type of policies can the Annuity Settlement Option be added to?

It can be added to any new or in-force Empire Life insurance contract that has a beneficiary designation. This includes:

- Guaranteed Investment Fund contracts and Class Plus 3.0
- Guaranteed Interest Contracts
- Single Premium Immediate Annuities
- Term, Whole Life, Universal Life and Critical Illness policies

Administrative details

5. How does a client add the Annuity Settlement Option to their policy?

Clients can add it to any new or in-force contract by completing and submitting the Empire Life Annuity Settlement Option form (INV-768). The form has important information about the Annuity Settlement Option including terms and conditions. It can be downloaded from or ordered on the Empire Life advisor website.

6. Once the Annuity Settlement Option has been added is there anything else to do?

No. Once the form has been submitted, Empire Life does all the work. However we recommend that clients revisit their selection on a regular basis to ensure their needs and wishes are up-to-date. This should be done as a part of their financial review.

7. Can my client modify or retract the Annuity Settlement Option after it has been added?

Yes. It may be modified or retracted at any time as long as the policy is in-force. A new copy of the Annuity Settlement Option form must be submitted if the client wishes to modify payment features. If a client no longer wants it on their policy, new beneficiary designations should be submitted using the D-0017 Beneficiary Designation form available on the Empire Life advisor website.

8. Do my client's beneficiaries have to do anything to begin receiving their annuity payments?

Yes. When Empire Life receives notification of the death of the life insured, the beneficiary will be asked to complete two forms:

- The Claimant's Statement
- An Empire Life Single Premium Immediate Annuity (SPIA) application

The SPIA application must be for the same type of annuity selected for them under the Annuity Settlement Option. Completion of the application will also ensure that the beneficiary receiving the annuity payments can name a beneficiary for any death benefit the annuity policy may have.

9. How will I know if the Annuity Settlement Option has been added to the policy?

The letters "ASO" will be added to their beneficiary record. This will also be visible on The Business Centre and MyEmpire, the client online service.

How it works

10. Are there any up front or ongoing costs to the client?

No. There are no up front or ongoing costs to clients adding it to any Empire Life policies.

11. If a client has multiple beneficiaries, do they all have to have the same payment options?

No. Clients can customize a solution for each beneficiary by selecting different:

- Types of annuities
- Guarantee periods
- Payment frequency options
- Lump sum payments

12. Can a minor child receive the annuity settlement?

Yes. The Annuity Settlement Option can include a beneficiary who is a minor. However any death benefit proceeds allocated to an annuity can only be paid through a Term Certain annuity. A trustee for the minor beneficiary should be named to receive the payment until the beneficiary reaches the age of majority (except in Quebec, where a formal trust must be established).

13. Will beneficiaries be notified when the Annuity Settlement Option is added?

No. The beneficiaries will not be notified when it has been added. A client's decision to add the option will remain private until the death of the life insured. Clients can discreetly modify or retract it at any time without any notification being made to the beneficiaries.

14. Can the client add the Annuity Settlement Option to a locked-in policy?

Yes. A client may add it to a locked-in policy. However, the applicable pension legislation determines how locked-in death benefit proceeds can be paid. In some situations proceeds may not be paid out in the form of an annuity, even if it has been elected by the client. Please review the applicable pension legislation to determine whether adding it is appropriate on the client's locked-in policy.

15. Can the Annuity Settlement Option be added to a Nominee account?

It can only be added to a non-registered Nominee account.

Advisor benefits

16. Is commission paid when the Annuities are set up for each beneficiary?

Yes. The advisor of record with an active Empire Life contract and updated license and E&O will receive compensation on any death benefit proceeds that are paid out via an annuity. Compensation will use the deposit commission rates in effect for Empire Life's SPIAs at the time the annuity is issued. Please review the Empire Life Commission Schedule for current annuity deposit commission rates.

17. How does the Annuity Settlement Option benefit an advisor's business?

The Annuity Settlement Option offers clients valuable customized estate planning solutions outside of their will. It provides the advisor with an opportunity to retain assets that otherwise may be distributed out upon the life insured's death.

The information in this document is for general information purposes only and is not intended to provide legal, tax, financial or professional advice. The Empire Life Insurance Company assumes no responsibility for any reliance made on or misuse or omissions of the information contained in this document. Please seek professional advice before making any decision.

® Registered trademark of **The Empire Life Insurance Company**. Policies are issued by The Empire Life Insurance Company.

FOR ADVISOR USE ONLY

Insurance & Investments – Simple. Fast. Easy.®
www.empire.ca info@empire.ca

