



INFORMATION CIRCULAR

DATE: APRIL 1, 2022

No. 2022-06

CATEGORY: INVESTMENTS

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

SUBJECT: Changes to Empire Life Guaranteed Investment Fund Contracts

Announcement

Effective on or about April 4, 2022, Empire Life will be changing the maximum issue ages for our Guaranteed Investment Funds ("GIF") contracts and also restricting purchases into the Deferred Sales Charge ("DSC") option for older customers. These changes will impact existing GIF customers (DSC restriction) and new customers who purchase a GIF contract after this date.

Additional details of changes

Effective on or about April 4, 2022, Empire Life will:

Change the maximum issue age of our GIF 75/75 contract to December 31st the year the annuitant turns 90

Change the maximum issue age of our GIF 75/100 and GIF 100/100 contracts to December 31st the year the annuitant turns 80.

Empire Life will also be restricting additional deposits into the DSC purchase option after Dec 31st the year the annuitant turns 80

Please refer to the attached FAQ for further details

Reference

Geoff Gibson, Vice-President, Investment Product and Marketing

APPENDIX

Administrative Details

No new applications for the GIF 75/100 and GIF 100/100 contracts for clients who will be over the maximum issue age (past December 31st the year the annuitant turns 80) will be accepted after Friday, April 1, 2022 (4pm ET)

- If you have set up a new policy through FundSERV before the April 1st deadline, paper applications will be accepted until T+2, as per normal settlement requirements

Empire Life will be restricting additional deposits into the DSC option for clients who will be over the maximum issue age after Friday, April 1, 2022 (4pm ET)

- Empire Life will be closing DSC purchases to initial and subsequent deposits past December 31st the year the annuitant turns 80
- Switches between DSC funds as well as operational transfers (for example, change of ownership, nominee to client name, death claims) will be allowed for DSC funds.

Please destroy your existing stock of GIF applications and the Information Folder and Contract Provisions

Information Folder, Fund Facts, and Applications

New versions of the following items will be posted to empire.ca/advisor on April 4th.

- INV-911 GIF Application
- INV-912 GIF Application for a Nominee/Intermediary Account
- INV-913 GIF Application for a Tax-Free Savings Account (TFSA)
- INV- 943 GIF Information Folder and Contract Provisions

PRODUCT CHANGES TO EMPIRE LIFE GIF CONTRACTS

ADVISOR FAQ

Product changes to Empire Life GIF Contracts

What is happening?

Effective on or about April 4, 2022, Empire Life will be changing the maximum issue ages for our Guaranteed Investment Funds ("GIF") contracts and also restricting purchases into the Deferred Sales Charge ("DSC") option for older customers. These changes will impact existing GIF customers (DSC restriction) and new customers who purchase a GIF contract after this date.

What are the changes?

Effective on or about April 4, 2022, Empire Life will:

1. Change the maximum issue age of our GIF 75/75 contract to December 31st the year the annuitant turns 90.
2. Change the maximum issue age of our GIF 75/100 and GIF 100/100 contracts to December 31st the year the annuitant turns 80.
3. Empire Life will also be restricting additional deposits into the DSC purchase option after December 31st the year the annuitant turns 80.

Why is Empire Life making these changes?

Empire Life is changing our maximum issue ages and restricting additional DSC deposits after December 31st of the year the annuitant turns 80 to better align with industry standards and practices for segregated funds.

What are the new GIF maximum issue ages?

Effective on or about April 4, 2022, Empire Life will:

1. Change the maximum issue age of our GIF 75/75 contract to December 31st the year the annuitant turns 90
 - Currently, the maximum issue age is December 31st the year the annuitant turns 80

2. Change the maximum issue age of our GIF 75/100 and GIF 100/100 contracts to December 31st the year the annuitant turns 80.
 - Currently, the maximum issue age is December 31st the year the annuitant turns 90; however, if the contract was opened after the annuitant's 80th birthday, the contract is issued with a 75% Death Benefit Guarantee ("DBG")

Will new point of sale materials be required?

Effective on or about April 4, 2022, you must use the new GIF regulatory documents. These include:

1. Information Folder and Contract Provisions
2. Fund Facts
3. Application

What are the new DSC restrictions?

Effective on or about April 4, 2022, Empire Life will be restricting additional deposits into the DSC option after December 31st the year the annuitant turns 80

- Empire Life will be closing DSC purchases to initial and subsequent deposits past December 31st the year the annuitant turns 80
- Switches between DSC funds as well as operational transfers (for example, change of ownership, nominee to client name, death claims) will be allowed for DSC funds.

Are any other purchase options impacted?

The remaining purchase options including the no-load, front-end load, and the low load purchase fee option will all continue to be offered. Please refer to the GIF Information Folder and Contract Provisions for which purchase options can be held together in a contract.

How will my existing clients be notified of the DSC restriction?

Notice of the restriction of DSC deposits after December 31st of the year the annuitant turns 80 will be included in their June 30th, 2022, semi-annual statement.

What do I need to do now?

Please ensure that any additional deposits you submit on behalf of your clients are not made into the DSC option if the deposit is being made after December 31st of the year the annuitant turns 80. These deposits will be rejected and confirmation of an eligible purchase option will be required before the deposit is processed.

What if one of my clients is no longer eligible to deposit into DSC but has an ongoing PAD?

We have identified a small number of customers with ongoing pre-authorized deposits (PADs) into DSC who will no longer be able to continue with these on or after April 4, 2022. If your client is among this group a member of the customer service team will contact you for alternate instructions to continue with these deposits into another purchase fee option. There is no action required by your clients at this time.

Are the DSC changes related to the recently announced upcoming sales charge purchase options changes by the regulators?

These changes are not related to the recent announcement from the regulators. They were planned well in advance of the February 9 announcement from the Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO), related to the cessation of DSC purchase options effective June 1, 2023.

What was the announcement from the regulators and does Empire Life have further information?

On February 9, CCIR and CISRO announced that the insurance industry should begin a transition towards the cessation of DSC purchase options effective June 1, 2023

As of now we have no further information than this, an official statement has been posted to the advisor landing page on empire.ca under Latest News.

I have additional questions about these new changes? Who should I contact?

Please contact Empire Life customer service with additional questions you may have.

Segregated Fund contracts are issued by The Empire Life Insurance Company ("Empire Life"). A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.** All returns are calculated after taking expenses, management and administration fees into account.

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