

# CANOE EL PROTECTION PORTFOLIOS 75/75 CANOE EL PROTECTION PORTFOLIOS 75/100

INFORMATION FOLDER  
AND CONTRACT PROVISIONS



This document contains the information folder and the contract provisions for the Canoe EL Protection Portfolios 75/75 contract and the Canoe EL Protection Portfolios 75/100 contract. The information folder is for information purposes only and is not an insurance contract.

Contracts are issued by The Empire Life Insurance Company ("EL").

AUGUST 2022



# KEY FACTS FOR THE CANOE EL PROTECTION PORTFOLIOS 75/75 CONTRACT AND THE CANOE EL PROTECTION PORTFOLIOS 75/100 CONTRACT

This summary provides a brief description of the basic things you should know before you apply for either of these individual variable insurance contracts. This summary is not your contract. A description of all the features and how they work is contained in this information folder and the contract provisions. In this summary, we refer you to different sections for more details. These section numbers refer to the information folder. You should review these documents and discuss any questions you have with your advisor.

## What am I purchasing?

You are purchasing a Canoe EL Protection Portfolios 75/75 or a Canoe EL Protection Portfolios 75/100. These are individual variable insurance contracts issued by The Empire Life Insurance Company (“**Empire Life**”).

You can:

- choose to make your deposits on a regular scheduled basis or as a lump sum;
- choose among different segregated funds;
- choose a registered, non-registered or Tax-Free Savings Account contract;
- name a person to receive the death benefit; and
- choose to receive income payments now or later.

Your choices may affect your taxes. Ask your advisor to help you make your decisions.

**The value of your contract can go up or down subject to the guarantees.**

## How can I purchase this product?

This product may only be purchased through a licensed insurance agent of World Financial Group Insurance Agency of Canada Inc.

## Are there any restrictions on deposits?

Deposits to your contract will be restricted if the advisor associated with your contract is not a licensed insurance agent of World Financial Group Insurance Agency of Canada Inc.

For details about deposits and other restrictions, see Section 3.

## What guarantees are available?

Your contract has maturity and death benefit guarantees. For details about the maturity and death benefit guarantees, see Sections 6.4 and 6.9.

**Any withdrawals you make will reduce the benefit guarantees.**

For details about withdrawals and the guarantees, see Section 6.12.

## Maturity Benefit Guarantee

You will receive the maturity benefit on the maturity date. The maturity date will be December 31st of the year the annuitant turns 100 years old. For details about the maturity date, see Section 6.2.

On the maturity date, you will receive the greater of:

- 1) the market value of the fund class units at the credit of your contract; and
- 2) 75% of all the deposits made, reduced proportionately for any withdrawals.

For details about the maturity benefit guarantee, see Section 6.4.

## Death Benefit Guarantee

If you die before the maturity date, the death benefit is paid to the person you name as the beneficiary.

### For the Canoe EL Protection Portfolios 75/75

The death benefit is the greater of:

- 1) the market value of the fund class units at the credit of your contract; and
- 2) 75% of all deposits made, reduced proportionately for any withdrawals.

### For the Canoe EL Protection Portfolios 75/100

The death benefit is the greater of:

- 1) the market value of the fund class units at the credit of your contract; and
- 2) 100% of all deposits made, reduced proportionately for any withdrawals.

For details about the death benefit guarantee, see Section 6.9.

## Death Benefit Guarantee Resets

The death benefit guarantee may increase each year until the annuitant’s 80th birthday with automatic annual resets. For details about death benefit guarantee resets, see Section 6.10.

## What investments are available?

You can invest in various segregated funds. The segregated funds are described in the fund facts and in Section 12 of the information folder.

While there are certain benefit guarantees, Empire Life does not guarantee the performance of segregated funds. Carefully consider your tolerance for risk when you choose your investment(s).

## How much will this cost?

### Purchase Fee Options

The purchase fee option you choose to provide compensation to your advisor will affect your costs. For details on purchase fee options, see Section 7.2.

## Management Fees

Management fees and expenses are deducted from the segregated funds. These fees and expenses are incorporated into the management expense ratio (“**MER**”). The MER is shown on the fund facts for each fund and fund class. The MER is deducted before the unit value is calculated. For details on the fees and expenses paid by the funds, see Section 10.6.

## **Insurance Fees**

An insurance fee is charged to pay for the maturity and death benefit guarantees and is incorporated into the MER. The insurance fees are different for the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100. For details on the insurance fee, see Section 10.6.3.

## **Other Fees**

There may be a fee charged for withdrawals depending on the purchase fee option you choose. There may also be a fee charged for excessive trading. For details on the fees, see Section 7.

## **What can I do after I purchase this contract?**

If you want, you can choose to do any of the following:

### **Transfer**

You can switch from one fund to another. For details on switches, see Section 5.

### **Withdraw**

You can withdraw money from your contract. This will affect your benefit guarantees. You may also have to pay a fee and/or taxes. For details on withdrawals, see Sections 4 and 6.12.

### **Deposit**

You can make deposits on a regular scheduled basis or as a lump sum. For details on deposits, see Section 3.

### **Reset**

If, on the anniversary date of your contract, the value of your investments has increased, the death benefit guarantee will be reset automatically until the annuitant's 80th birthday.

For details on resets, see Section 6.10.

### **Maturity Options**

There are different options available to you at the maturity date of your contract. If you do not choose a maturity option, we will start making payments to you. For details about the maturity options, see Section 6.5.

Certain restrictions and other conditions may apply. Review the information folder and contract provisions for your rights and obligations. Discuss any questions you have with your advisor.

## **What information will I receive about my contract?**

We will, at least once a year, send you a statement that will show the value of your investments and all of the transactions you have made during that year.

More detailed information about the funds available, including the audited financial statements, is available at your request and on our website at [www.empire.ca](http://www.empire.ca).

## **Can I change my mind?**

Yes you can. This is called a rescission right. Subject to set limits, you can:

- cancel your contract; or
- cancel a payment you have made.

To do either of these, you must tell us in writing within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after the notice is mailed by us.

The amount returned is the lesser of the deposit you made or the value of your investment if it has gone down in value.

If you change your mind about a specific deposit, the right to cancel only applies to that deposit.

For details about the rescission rights, see Section 3.4.

## **Where can I get more information?**

You may call us at 1 800 561-1268 or send us an email to [investment@empire.ca](mailto:investment@empire.ca). Information about the company and the products and services we provide is on our website at [www.empire.ca](http://www.empire.ca).

For information about handling issues you are unable to resolve with the company, contact the OmbudService for Life and Health Insurance at 1 800 268-8099 or on the internet at [www.olhi.ca](http://www.olhi.ca).

Empire Life is a member of Assuris. Assuris is the not for profit organization that protects Canadian policyholders in the event their life insurance company fails. Details about Assuris' protection are available at [www.assuris.ca](http://www.assuris.ca) or by calling the Assuris Information Centre at 1 866 878-1225.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators at [www.ccir-ccra.org](http://www.ccir-ccra.org).

**Any part of the deposit or other amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.**

# TABLE OF CONTENTS

## CANOE EL PROTECTION PORTFOLIOS 75/75, CANOE EL PROTECTION PORTFOLIOS 75/100 INFORMATION FOLDER

<b>INTRODUCTION</b> .....	<b>1</b>	<b>7. FEES AND CHARGES</b> .....	<b>11</b>
<b>1. GENERAL INFORMATION</b> .....	<b>2</b>	7.1 General Information .....	11
1.1 Definitions.....	2	7.2 Purchase Fee Options.....	11
1.2 Use of Your Personal Information.....	3	7.3 Excessive Short-Term Trading Fee.....	12
1.3 Correspondence.....	3	7.4 Recovery of Expenses or Investment Losses .....	12
1.4 Maximum Issue Age and Restrictions .....	3	7.5 Management Fees .....	12
1.5 Creditor Protection .....	3	7.6 Insurance Fee.....	12
1.6 Segregated Funds Offered.....	4	7.7 Protection Portfolios Preferred Pricing Program.....	12
<b>2. TYPES OF CONTRACTS</b> .....	<b>4</b>	<b>8. TAXATION</b> .....	<b>13</b>
2.1 General Information.....	4	8.1 General Information .....	13
2.2 Non-Registered Contracts.....	4	8.2 Non-Registered Contracts.....	13
2.3 Registered Contracts.....	4	8.3 Registered Contracts.....	14
2.4 TFSAs.....	5	8.4 TFSAs.....	14
<b>3. DEPOSITS</b> .....	<b>5</b>	<b>9. VALUATION</b> .....	<b>14</b>
3.1 General Information.....	5	9.1 Market Value of Fund Class Units.....	14
3.2 Last Age to Deposit.....	5	9.2 Market Value of Your Contract.....	14
3.3 Minimum Deposit Amount.....	5	9.3 Valuation Date and Fund Class Unit Values.....	14
3.4 Rescission Rights.....	5	<b>10. SEGREGATED FUNDS</b> .....	<b>15</b>
<b>4. WITHDRAWALS</b> .....	<b>6</b>	10.1 General Information.....	15
4.1 General Information .....	6	10.2 Investment Management .....	15
4.2 Unscheduled Withdrawals .....	6	10.3 Adding and Deleting Funds and Fund Classes .....	15
4.3 Scheduled Withdrawals .....	6	10.4 Splitting of Fund Class Units.....	15
4.4 Free Withdrawal Limits.....	7	10.5 Merger of Funds.....	15
4.5 Minimum Balance Requirements .....	7	10.6 Fees and Expenses Paid by the Funds .....	16
<b>5. SWITCHES</b> .....	<b>7</b>	10.7 Application of Earnings .....	17
5.1 General Information.....	7	10.8 Investment Policies and Restrictions.....	17
5.2 Scheduled Switches.....	7	10.9 Interest of Management and Others in Material Transactions .....	17
<b>6. MATURITY AND DEATH BENEFITS</b> .....	<b>7</b>	10.10 Material Contracts and Facts .....	17
6.1 General Information .....	7	10.11 Tax Status of the Funds.....	17
6.2 Maturity Date.....	8	10.12 Auditor of the Funds .....	17
6.3 Maturity Benefit .....	8	10.13 Fundamental Changes.....	17
6.4 Maturity Benefit Guarantee.....	8	10.14 Fund in Fund Investments .....	17
6.5 Maturity Options.....	8	<b>11. INVESTMENT DETAILS</b> .....	<b>18</b>
6.6 RRSP to RRIF Conversion .....	8	11.1 General Information.....	18
6.7 Death Benefit Date.....	8	<b>12. INVESTMENT POLICIES</b> .....	<b>18</b>
6.8 Death Benefit .....	8	12.1 General Information.....	18
6.9 Death Benefit Guarantee.....	9	<b>13. POTENTIAL RISKS OF INVESTING</b> .....	<b>21</b>
6.10 Death Benefit Guarantee Resets.....	9		
6.11 Contract Continuance on Death .....	10		
6.12 Withdrawals and the Guarantees .....	10		

**CANOE EL PROTECTION PORTFOLIOS 75/75,  
CANOE EL PROTECTION PORTFOLIOS 75/100  
CONTRACT PROVISIONS**

<b>IMPORTANT INFORMATION .....</b>	<b>26</b>	<b>6. FEES AND CHARGES.....</b>	<b>33</b>
<b>1. GENERAL INFORMATION .....</b>	<b>27</b>	6.1 General Information .....	33
1.1 Definitions.....	27	6.2 Purchase Fee Options .....	33
1.2 Contract.....	28	6.3 Excessive Short-Term Trading Fee .....	33
1.3 Maximum Issue Age and Restrictions .....	28	6.4 Recovery of Expenses or Investment Losses.....	34
1.4 Currency .....	28	6.5 Management Fees.....	34
1.5 Payment of Benefits.....	28	6.6 Insurance Fee .....	34
1.6 Beneficiary .....	28	6.7 Protection Portfolios Preferred Pricing Program .....	34
1.7 Control of the Contract.....	29	<b>7. VALUATION .....</b>	<b>35</b>
1.8 Contract Termination .....	29	7.1 Market Value of Fund Class Units .....	35
<b>2. DEPOSITS .....</b>	<b>29</b>	7.2 Market Value of Your Contract .....	35
2.1 General Information .....	29	7.3 Valuation Date and Fund Class Unit Values .....	35
2.2 Allocation of Deposits .....	29	<b>8. SEGREGATED FUNDS .....</b>	<b>35</b>
2.3 Rescission Rights.....	29	8.1 General Information .....	35
<b>3. WITHDRAWALS .....</b>	<b>30</b>	8.2 Segregated Funds Offered.....	35
3.1 General Information .....	30	8.4 Splitting of Fund Class Units .....	36
3.2 Scheduled Withdrawals .....	30	8.5 Merger of Funds .....	36
3.3 Free Withdrawal Limit.....	30	8.6 Fundamental Changes.....	36
3.4 Retirement Income Payments.....	30	<b>9. RSP ENDORSEMENT .....</b>	<b>36</b>
3.5 Minimum Balance Requirements .....	31	<b>10. RIF ENDORSEMENT .....</b>	<b>37</b>
<b>4. SWITCHES .....</b>	<b>31</b>	<b>11. TFSA ENDORSEMENT .....</b>	<b>37</b>
4.1 General Information .....	31		
4.2 Scheduled Switches.....	31		
<b>5. MATURITY AND DEATH BENEFITS .....</b>	<b>31</b>		
5.1 General Information.....	31		
5.2 Maturity Date .....	31		
5.3 Maturity Benefit .....	31		
5.4 Maturity Benefit Guarantee.....	31		
5.5 Maturity Options.....	32		
5.6 RSP to RIF Conversion.....	32		
5.7 Death Benefit Date .....	32		
5.8 Death Benefit .....	32		
5.9 Death Benefit Guarantee .....	32		
5.10 Death Benefit Guarantee Resets.....	32		
5.11 Contract Continuance on Death .....	33		
5.12 Withdrawals and the Guarantees.....	33		

## INTRODUCTION

The Empire Life Insurance Company (“**Empire Life**” or “**EL**”) is federally incorporated in Canada. It is a stock company that was incorporated under Letters Patent granted by the Province of Ontario in 1923, to transact the business of life insurance, including the business of annuities, and continued as a federal corporation by Letters Patent in 1987. The *Insurance Companies Act* (Canada) governs its operations. Our Corporate Head Office is located at 259 King Street East, Kingston, Ontario, K7L 3A8.

The information folder for an individual variable insurance contract provides a description of the key features of the contract being considered. Our individual variable insurance contracts are offered primarily through licensed life insurance agents or financial planners, investment fund dealers or stockbrokers who are contracted with Empire Life and are also licensed to sell life insurance products.

This document contains the information folder (excluding the fund facts) and the contract provisions for the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100. Delivery of the contract provisions does not constitute our acceptance of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice is sent once we have received all of the required documents and the initial deposit.

The Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100 are deferred annuity contracts that contain maturity options including the option to receive an immediate annuity. They also provide guarantees payable at the maturity date or on the death of the last annuitant.

Each segregated fund offered by Empire Life is established and maintained in accordance with Section 451 of the *Insurance Companies Act* (Canada). The assets of each segregated fund are owned by Empire Life and are segregated from the other assets of Empire Life for the exclusive benefit of the contract owners whose deposits have been applied to acquire fund class units in the segregated funds. The segregated funds are not separate legal entities. Each segregated fund is divided into units of a fund class and those fund class units are attributed to individual contracts for the purpose of determining benefits under those contracts. The contract owner acquires no direct claim on the fund class units of a segregated fund but only on the benefits provided for in the contract provisions. Fund class units credited to your contract are acquired and subsequently cancelled when required by the terms of the contract. A contract owner is not a shareholder or member of Empire Life and, as such, is not entitled to any voting rights. The rights of the contract owner are limited to those contained in the contract.

Canoe Financial (“**Canoe**”) is an employee owned, independent investment fund management company. Canoe’s Corporate Head Office is located at 421 – 7th Ave S.W., Suite 2750, Calgary, Alberta, T2P 4K9. Empire Life has contracted with Canoe to purchase investment funds managed by Canoe for inclusion in certain insurance products issued by Empire Life, including the Canoe EL Protection Portfolios.

## CERTIFICATION

This is to certify that this information folder (the “**folder**”) including the fund facts provides brief and plain disclosure of all material facts relating to the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100 issued by Empire Life. The folder is incomplete unless the fund facts have been received with the folder. The folder is for information purposes only and is not an insurance contract.



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**Mark Sylvia**  
President and Chief Executive Officer



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**Edward Gibson**  
Senior Vice-President, Chief Financial Officer and  
Chief Actuary

# 1. GENERAL INFORMATION

## 1.1 Definitions

The following are definitions for some of the key terms used throughout this document. You will find other terms defined in other sections of the folder. The defined term is bolded and in quotes and the definition is in the sentence containing the defined term. The definitions provided will have the same meaning throughout the folder and the contract provisions.

**“annuitant”** means the individual named as annuitant on the application. The annuitant is also presumed to be the contract owner only for the purposes of describing the benefits available;

**“application”** means the Application for Canoe EL Protection Portfolios, or the Canoe EL Protection Portfolios Application for a Tax-Free Savings Account (TFSA);

**“Canoe EL Protection Portfolios 75/75”** means the Canoe EL Protection Portfolios 75/75 contract;

**“Canoe EL Protection Portfolios 75/100”** means the Canoe EL Protection Portfolios 75/100 contract;

**“contract”** means the Canoe EL Protection Portfolios 75/75 contract or the Canoe EL Protection Portfolios 75/100 contract;

**“cut-off time”** is 4:00 p.m. ET of a valuation date. Any deposits, switches, withdrawal or reset requests received after the cut-off time will be processed effective the next valuation date. Empire Life reserves the right to change the cut-off time without prior notice to you;

**“deferred sales charge option” (“DSC option”)** means one of the purchase fee options available under the terms of the contract;

**“deposits”** mean the premium amounts you pay to us either directly or as a transfer from another policy/contract with Empire Life or from another financial institution under the terms of the contract;

**“effective date”** is the date we have received all of the required documents and your initial deposit. The effective date of your contract is as shown on the confirmation notice;

**“fund(s)”** and **“segregated fund(s)”** means and includes any one or all of the segregated funds and their respective fund classes available under the terms of the contract at any time;

**“fund class”** means the notional division of a segregated fund for the purposes of determining management fees and benefit guarantees;

**“fund class unit(s)”** means the notional division of a segregated fund for the purposes of determining benefits under the contract;

**“fund facts”** means the disclosure document that forms part of the folder and, for specified information in the fund facts, part of the contract;

**“Income Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;

**“last annuitant”** means the annuitant, or if there is a successor annuitant, the survivor;

**“maturity date”** is December 31st of the year the annuitant turns 100 years old;

**“no load option” (“NL option”)** means one of the purchase fee options available under the terms of the contract;

**“notice to us”** means notice in writing, by any electronic means acceptable to us, or in any other form we may approve and received by us;

**“notice to you”** means notice sent by electronic means or written notice sent by regular mail from us to you at your last known address, according to our records;

**“rules”** mean the administrative rules and procedures established for the contract by us from time to time. We may change our rules in order to provide better service or to reflect corporate policy as well as when required by economic and legislative changes, including revisions to applicable income tax and pension legislation. The operation of the contract and your rights as contract owner is subject to our rules and procedures and no prior notice to you is required for a rule or procedure, or for a change to a rule or procedure to become effective;

**“secondary fund”** means a segregated fund, mutual fund, or other investment fund, limited partnership or income trust, including an index participation unit, in which a segregated fund may invest its assets;

**“similar fund”** means a segregated fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the fund in question;

**“successor annuitant”** means the person who will become the annuitant on the death of the annuitant;

**“valuation date”** means each day that the Toronto Stock Exchange is open for business and a value is available for the underlying assets of the funds. Valuation of the segregated funds and any secondary funds occurs at the close of business each valuation date. We reserve the right to value a fund less frequently than each business day, subject to a minimum monthly valuation occurring on the last business day of each month;

**“we”, “us”, “our”, “the company”** and **“Empire Life”** means The Empire Life Insurance Company and, for purposes of a Tax-Free Savings Account, the issuer of the Tax-Free Savings Account;

“**withdrawal fee schedule**” means the schedule of fees applicable to withdrawals. The fees in effect at the time your contract is applied for are outlined in Section 7.2 Purchase Fee Options;

“**you**”, “**your**”, and “**contract owner**” means the legal owner of the contract and, for purposes of a Tax-Free Savings Account, the holder of the Tax-Free Savings Account. Holder is as defined in the Income Tax Act.

## 1.2 Use of Your Personal Information

### 1.2.1 Privacy Statement

By signing the application you understand and agree that:

- 1) Empire Life will maintain a file with the information contained in your application and any related documents. The file will enable Empire Life and our employees, agents or representatives to:
  - a) assess the application;
  - b) appraise any risk;
  - c) assess any claim that you or your beneficiaries may make for income payments or other benefits;
  - d) administer the file;
  - e) answer any questions you may have about your application or file in general; and
  - f) provide you with information about your file and our products and services.
- 2) Your file will be kept at our head office. We may also use third party service providers located in or outside of Canada to process and store your personal information. You are entitled to consult your file and when applicable, have it corrected. Our current privacy policy is available on our website at [www.empire.ca](http://www.empire.ca). To exercise your rights, you must send written notification to: Chief Privacy Officer, Empire Life, 259 King Street East, Kingston, Ontario, K7L 3A8.
- 3) We will use your personal information on a continuing basis for the purpose of your file. If you refuse to provide consent for this, we won't be able to assess your application or claim for income payments or other benefits. Without your consent we cannot issue any benefits or income payments. If you are permitted by law to withdraw your consent and do so, we won't be able to continue to administer the contract, neither you nor your estate will be able to exercise any rights under the terms of the contract, and the contract may be terminated at our discretion.

### 1.2.2 Authorization and Consent

By signing the application, you authorize and provide your consent for:

- 1) Empire Life, our reinsurers, employees, agents and representatives, and any other person authorized by you to

collect, use and exchange personal information about you as required in order to achieve the objectives of your file;

- 2) Empire Life to collect from and/or disclose information regarding your file to your advisor(s) (and agency), or any other agent as appointed by you, on an ongoing basis in order to provide you with ongoing service and advice related to your file; and
- 3) The contract owner, successor owner, joint owner, beneficiary, heirs and your personal representative or liquidator of your estate to provide Empire Life, its reinsurers and their agents, with all of the information and authorizations necessary to obtain the information required to appraise the claim following your death.

## 1.3 Correspondence

### 1.3.1 Correspondence to Us

We ask that you send your correspondence to:

The Empire Life Insurance Company, 259 King Street East, Kingston, ON, K7L 3A8.

### 1.3.2 Correspondence from Us

Please advise us immediately of any change in your address.

We will send you:

- confirmations for most financial and non-financial transactions affecting your contract;
- statements for your contract at least once a year;
- on request, the audited financial statements;
- on request, the semi-annual unaudited financial statements.

The most recently published audited financial statements are available at any time on our website at [www.empire.ca](http://www.empire.ca).

## 1.4 Maximum Issue Age and Restrictions

You can apply for a Canoe EL Protection Portfolios 75/75 any time up to and including, but no later than, December 31st of the year the annuitant turns 90 years old.

You can apply for a Canoe EL Protection Portfolios 75/100 any time up to and including, but no later than, December 31st of the year the annuitant turns 80 years old.

If the contract is to be registered as a retirement savings plan, the annuitant must be less than the maximum age prescribed by the Income Tax Act (currently 71).

We reserve the right, without prior notice to you, to change the maximum issue age.

## 1.5 Creditor Protection

The Canoe EL Protection Portfolios 75/75 and Canoe EL Protection Portfolios 75/100 are individual variable insurance contracts and, under provincial insurance legislation, may be protected from creditors if the beneficiary is the spouse or common-law partner, parent, child or grandchild of the annuitant (except in Québec where the beneficiary is the spouse, parent, child or grandchild of the contract owner) or if the beneficiary is irrevocable. Note that there are certain circumstances where protection from creditors will not exist. If the possible protection from creditors is an important consideration, you should consult with your legal advisor before deciding to purchase the contract.

## 1.6 Segregated Funds Offered

We currently offer the following funds under the terms of the contracts:

Fund Name
Canoe EL Conservative Protection Portfolio
Canoe EL Balanced Protection Portfolio
Canoe EL Moderate Growth Protection Portfolio
Canoe EL Money Market*

\*This is the marketing name for the fund. The fund's legal name is Money Market Fund.

### Fund Classes

Fund class units offered under the Canoe EL Protection Portfolios 75/75 are "**Protection Portfolios 75/75**" units. Fund class units offered under the Canoe EL Protection Portfolios 75/100 are "**Protection Portfolios 75/100**" units.

We reserve the right, at any time, at our discretion and without prior notice to you, to change the funds or fund classes available or to discontinue offering a fund or fund class. We also reserve the right to add new funds or fund classes (see Section 10.3 Adding and Deleting Funds and Fund Classes).

## 2. TYPES OF CONTRACTS

### 2.1 General Information

A contract may be purchased as registered, non-registered or as a Tax-Free Savings Account ("**TFSA**"). The registered contracts available include:

- Registered Retirement Savings Plan ("**RRSP**") including spousal or common-law partner RRSP;
- Locked-In Retirement Account ("**LIRA**");
- Locked-in RSP ("**LRSP**");
- Restricted Locked-in Savings Plan ("**RLSP**");
- Registered Retirement Income Funds ("**RRIF**") including spousal or common-law partner RRIF;
- Life Income Fund ("**LIF**");
- Locked-in Retirement Income Fund ("**LRIF**");
- Restricted Life Income Fund ("**RLIF**");

- Prescribed Retirement Income Fund ("**PRIF**"); and
- any other locked-in plan as allowed under the applicable pension legislation.

Not all variations of the registered contracts may be available to you depending on the source of your initial deposit and the pension legislation applicable to the funds.

### 2.2 Non-Registered Contracts

A non-registered contract may be owned by a single individual, a corporation or more than one individual in any form of ownership permitted under the applicable governing legislation. The annuitant or a third party may be the contract owner. The ownership of your contract may be transferred in accordance with the applicable governing legislation and our rules.

A contract that is held in a trust arrangement that is registered as an RRSP, RRIF, or TFSA (e.g. self-directed RRSP, RRIF, or TFSA) is a non-registered contract with Empire Life. The contract owner will be the trustee of the RRSP, RRIF, or TFSA. You cannot borrow money from your contract. However, you may use your non-registered contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person claiming a death benefit. An assignment of the contract may restrict or delay certain transactions otherwise permitted. If you designate your beneficiary as irrevocable, the consent of the beneficiary will be required for an assignment.

### 2.3 Registered Contracts

Under a registered contract, you are the contract owner and the annuitant. You cannot borrow money from your contract. You cannot use your registered contract as security for a loan or assign it to a third party.

#### 2.3.1 RRSPs

You may own and make deposits to an RRSP or spousal or common-law partner RRSP up until the latest date for RRSPs as prescribed by the Income Tax Act. Once you reach the end of the year that you attain the maximum age, you must:

- 1) convert to a RRIF or spousal or common-law partner RRIF; or
- 2) convert to an LRIF, LIF, PRIF or any other locked-in plan as allowed under the applicable pension legislation if your funds are locked-in; or
- 3) acquire an immediate annuity; or
- 4) request a cash withdrawal (not available on LIRA, RLSP or LRSP plans).

There are a number of investment vehicles available for the accumulation of retirement income. Registration of your contract as an RRSP may be more suitable as a means of long-term investment rather than for a short duration.

### 2.3.2 RRIFs

Deposits to a RRIF or spousal or common-law partner RRIF must be from one of the sources permitted under the Income Tax Act. You may purchase a LIF, LRIF, RLIF or PRIF with funds transferred from your LIRA, RLSP or LRSP, or a direct transfer of locked-in funds from another financial institution.

The Income Tax Act specifies that a minimum amount must be taken every year as retirement income payments. The minimum retirement income payments for LIFs, RLIFs and LRIFs are the same as for a RRIF. LIFs, RLIFs and LRIFs may have a maximum annual income that can be paid out each year. A LIF, RLIF, LRIF or PRIF may only be issued at the ages permitted by the legislation governing your former pension plan. Spousal rights prescribed under pension legislation are preserved when locked-in benefits are transferred to a LIF, RLIF, LRIF or PRIF. A spousal consent or spousal waiver form may be required before the proceeds can be transferred.

Depending on the legislation governing your former pension plan, a LIF may require you to purchase a life annuity by December 31st of the year in which you attain the age of 80. An LRIF, a PRIF and under some pension legislation, a LIF, may continue for your lifetime.

Your LIF, LRIF or PRIF contract will also be subject to the RRIF provisions of the Income Tax Act.

### 2.4 TFSAs

Under a TFSA, you are the contract owner and the annuitant. You cannot borrow money from your contract. However, you may use your contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person claiming a death benefit. An assignment of the contract may restrict or delay certain transactions otherwise permitted. If you designate your beneficiary as irrevocable, the consent of the beneficiary will be required for an assignment.

## 3. DEPOSITS

### 3.1 General Information

When you make your initial deposit, the “**anniversary date**” of your contract is established. If you make your initial deposit on February 29th, the anniversary date will be February 28th.

You can make deposits to your contract at any time, provided it is in force. If your contract is to be registered under the Income Tax Act, provincial legislation and/or any pension legislation, certain restrictions may apply, as specified in the applicable endorsement(s).

Deposits to the contract can be made on a regular scheduled basis or as subsequent lump sum deposits.

Deposits must be in accordance with our rules. We reserve the right, from time to time and at our discretion, without prior notice to you to:

- 1) refuse to accept deposits;
- 2) limit the amount of deposits;
- 3) impose additional conditions on deposits, or
- 4) limit the number of contracts owned by you.

**If the advisor associated with your contract is not a licensed insurance agent of World Financial Group Insurance Agency of Canada Inc., you will not be able to make any deposits.**

We may require medical evidence of the health of an annuitant and reserve the right to refuse to accept a deposit or to return a deposit should incomplete or unsatisfactory evidence be provided.

Cheques must be payable to Empire Life. All payments must be made in Canadian dollars.

Your deposit will be applied towards the purchase of fund class units in the fund(s) you have selected at the fund class unit value in effect on the valuation date (see Section 9.3 Valuation Date and Fund Class Unit Values).

Your deposit will be applied towards the purchase of Protection Portfolios 75/75 or Protection Portfolios 75/100 fund class units.

### 3.2 Last Age to Deposit

You can make deposits to your contract up to and including December 31st of the year the annuitant turns 90 years old.

### 3.3 Minimum Deposit Amount

To establish a contract, you must deposit at least the minimum initial deposit amount as shown below.

Contract Type	Minimum Initial Deposit Amount
Registered, Non-registered and TFSAs	\$1,000
RRIFs	\$10,000

Subsequent lump sum deposits must be at least \$500 per fund and can be made at any time while your contract is in force except for any limitations described in this folder.

The minimum amount for subsequent regular scheduled deposits is \$50 per fund.

### 3.4 Rescission Rights

You have the right to change your mind about purchasing the contract. You must provide written notice to us of your desire to rescind the contract within two business days of receiving the confirmation notice. You will be deemed to have received the confirmation notice five business days after we have mailed it.

You will receive the lesser of:

- 1) the market value of the fund class units at the credit of your contract on the valuation date following the day we receive your request plus any sales charges applicable to the deposit; or

- 2) the amount of your deposit.

You can also change your mind about subsequent deposits to the contract on the same conditions as outlined above except as follows:

- 1) in the event you elect to rescind a subsequent deposit, the right to rescind the purchase will only apply to that deposit; and
- 2) the right to rescind a subsequent deposit does not apply to regular scheduled deposits for which confirmation notices are not issued at the time of deposit.

We reserve the right to defer payment of any value under the rescission right for 30 days following the date we receive your notice to rescind.

**Any deposit allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.**

## 4. WITHDRAWALS

### 4.1 General Information

Withdrawals will proportionately reduce the previously established maturity and death benefit guarantees (see Section 6.4 Maturity Benefit Guarantee and Section 6.9 Death Benefit Guarantee).

You may, by providing notice to us and while your contract is in force, request a withdrawal on an unscheduled or scheduled basis. The minimum withdrawal amount is currently \$250 per fund. You must indicate in your notice to us the fund(s) you wish to withdraw fund class units from.

The contract will automatically terminate when all fund class units of all funds have been withdrawn.

Any applicable withdrawal fees and withholding taxes will be deducted from the amount withdrawn (see Section 7.2.2 DSC Option and Section 8.3 Registered Contracts). The minimum withdrawal amounts are calculated before withdrawal fees and withholding taxes are deducted. If the market value of the fund class units on a valuation date is not sufficient for us to make the requested withdrawal, we will make the withdrawal in accordance with our rules (see Section 9.3 Valuation Date and Fund Class Unit Values).

We reserve the right to refuse your request for a withdrawal or to require that your contract be cancelled if the minimum balance requirements are not met (see Section 4.5 Minimum Balance Requirements).

Withdrawals from a non-registered contract may result in a gain or a loss as this is a taxable disposition. Withdrawals from a registered contract may be subject to withholding taxes (see Section 8 Taxation).

### 4.2 Unscheduled Withdrawals

An unscheduled withdrawal is a one-time withdrawal that you may request by providing notice to us.

### 4.3 Scheduled Withdrawals

You may, by providing notice to us, request that scheduled withdrawals be made. Scheduled withdrawals are the automatic withdrawal of some of the market value of the fund class units at the credit of your contract at regular periodic intervals. We will withdraw the amount you have requested on the date as selected by you. If the date selected falls on a weekend or holiday, the withdrawal will be processed on the previous valuation date. The proceeds from a scheduled withdrawal will be deposited directly into your bank account.

If your contract is a RRIF, scheduled withdrawals will be referred to as retirement income payments.

#### 4.3.1 Scheduled Withdrawal Plan ("SWP")

Scheduled withdrawals from a registered, non-registered or a TFSA are available under a SWP. The market value of the fund class units at the credit of your contract must be at least \$5,000 to begin a SWP. SWPs will be in accordance with our rules and any regulatory restrictions in effect.

#### 4.3.2 Retirement Income Payment Options

##### Minimum

If your contract is a RRIF, the Income Tax Act requires that a minimum amount be withdrawn every year as retirement income payments. You are not required to receive a payment for the calendar year in which your contract is established. For each subsequent year, the minimum retirement income payment is calculated in accordance with the minimum payment schedule as specified in Section 146.3 of the Income Tax Act.

The minimum retirement income payment for each calendar year is based on the market value of your contract at the beginning of that calendar year.

If the total of your retirement income payments and any unscheduled withdrawals that you make in a calendar year is less than the required minimum for that year, we will make a payment to you, subject to our rules, before the end of that calendar year to meet the required minimum amount.

##### Maximum

For LIFs, RLIFs and LRIFs there is a maximum income amount that may be received each calendar year. The maximum income amount will be determined based on the applicable pension legislation.

##### Level

You may elect to receive any amount greater than or equal to the minimum but less than the maximum, if applicable, for retirement income payments in any calendar year.

#### 4.4 Free Withdrawal Limits

For deposits that have been made with a DSC option, withdrawal fees apply to any withdrawals in excess of the free withdrawal limit that occur before the end of the withdrawal fee period specified in the withdrawal fee schedule (see Section 7.2.2 DSC Option). However, a withdrawal of some of the market value of fund class units at the credit of your contract each calendar year up to the free withdrawal limit will not be charged a withdrawal fee.

The free withdrawal limit is calculated as:

- 1) a percentage of the market value of the fund class units purchased under the DSC option at the credit of your contract on December 31st of the previous calendar year; plus
- 2) a percentage of any deposits made in the current calendar year.

The free withdrawal limits are specified in the following chart:

Contract Type	% of market value of fund class units as of December 31st of previous year*	% of deposits made in current year*
Non-registered, RRSPs and TFSA's	10%	10%
RRIFs	20%	20%

\*Only applies to fund class units purchased under the DSC option.

We reserve the right, without prior notice to you, to change the free withdrawal limit, the conditions under which this provision is applied and the calculation of the limits, in accordance with our rules.

For amounts in excess of the 10% or 20% respectively, normal withdrawal fees will apply. The free withdrawal limit is determined each calendar year and cannot be carried over to the next calendar year.

#### 4.5 Minimum Balance Requirements

The market value of the fund class units in a fund at the credit of your contract at any time must be at least \$250.

The market value of all fund class units at the credit of your contract at any time must be at least \$500.

If the minimum balance requirement is not met, we reserve the right to terminate your contract and pay the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees and withholding taxes, to you.

We reserve the right, without prior notice to you, to change the minimum balance requirements at any time, in accordance with our rules.

**The market value of fund class units cancelled and acquired in accordance with a withdrawal is not guaranteed but will fluctuate with the market value of the assets of the fund(s).**

## 5. SWITCHES

### 5.1 General Information

A switch means transferring funds within your contract by cancelling fund class units of one fund for their market value and acquiring fund class units in another fund.

Switches between funds will not affect the maturity and death benefit guarantees. For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

Switches must be between funds purchased with the same purchase fee option (e.g. fund class units purchased under the DSC option can only be switched to other fund class units under the DSC option).

When you make a switch, the market value of the fund class units acquired by deposits that have been in the fund the longest will be switched first.

If your contract is non-registered, switches may result in a gain or a loss since they are considered a taxable disposition from the applicable fund.

The minimum amount for a switch is currently \$250. We reserve the right to refuse a switch request in accordance with our rules.

Frequent switches may result in an excessive short-term trading fee (see Section 7.3 Excessive Short-Term Trading Fee).

### 5.2 Scheduled Switches

You may, by providing notice to us, make scheduled switches in accordance with our rules. If the date selected falls on a weekend or holiday, the switch will be processed on the previous valuation date. We reserve the right to cancel your scheduled switches at any time or to direct your scheduled switches to a similar fund in accordance with our rules.

**The market value of fund class units cancelled and acquired in accordance with a switch is not guaranteed but will fluctuate with the market value of the assets of the fund(s).**

## 6. MATURITY AND DEATH BENEFITS

### 6.1 General Information

Your contract provides guarantees at maturity and death, as outlined in this section.

On the maturity date, if the maturity benefit guarantee is higher than the current market value of the fund class units at the

credit of your contract, we will increase the market value of the fund class units to equal the maturity benefit guarantee.

On the death benefit date, if the death benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the death benefit guarantee.

Any increase in the market value of the fund class units at the credit of your contract as a result of a maturity or death benefit guarantee will be referred to as a “**top up**”. Any applicable top up payments are provided from the general funds of the company. A contract is limited to one top up. There are no sales charges or withdrawal fees applicable to a top up.

## 6.2 Maturity Date

The maturity date of your contract will be December 31st of the year the annuitant turns 100 years old. The maturity date cannot be changed.

## 6.3 Maturity Benefit

On the maturity date we will determine the maturity benefit. The maturity benefit is equal to the greater of:

- 1) the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees; and
- 2) the maturity benefit guarantee.

If (2) is greater than (1) a top up will be applied.

The maturity benefit will be applied to a maturity option you select and your contract will then terminate.

## 6.4 Maturity Benefit Guarantee

The maturity benefit guarantee will be reduced proportionately for any withdrawals (see Section 6.12 Withdrawals and the Guarantees).

The maturity benefit guarantee is 75% of the sum of the deposits to the contract.

## 6.5 Maturity Options

We will provide notice to you of your maturity options prior to the maturity date of your contract.

We currently offer the following maturity options:

- 1) a non-commutable annuity payable in equal monthly instalments commencing one month after the maturity date. The annuity will have a 10 year guarantee period and will be payable for as long as the annuitant lives. The amount of each monthly instalment will be the greater of:
  - a) the amount determined based on our annuity rates in effect at that time; and
  - b) \$1.00 of monthly income per \$1,000 of the maturity benefit;

- 2) an annuity of any other form that we may be offering at that time; or
- 3) a lump sum payment to you.

If your contract is non-registered or a TFSA and you have not selected a maturity option, we will automatically apply option (1).

Locked-in funds will be applied in accordance with the applicable pension legislation.

## 6.6 RRSP to RRIF Conversion

If your plan is an RRSP, you may convert it to a RRIF at any time by providing notice to us. If your contract is a LIRA, LRSP or RLSP, it will be converted to a LIF, RLIF, LRIF, or PRIF in accordance with the applicable pension legislation.

In this event:

- 1) the fund class units at the credit of your contract will be transferred to the same fund class units of the RRIF contract;
- 2) the retirement income payments will be based on the minimum payments required under the Income Tax Act and subject to our rules;
- 3) the beneficiary will remain the same unless we are notified otherwise;
- 4) the maturity date will remain the same;
- 5) the maturity benefit and death benefit guarantees will not be affected; and
- 6) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

If you do not provide notice to us and your RRSP contract is in force on December 31st of the year in which you reach the maximum age for owning an RRSP as prescribed by the Income Tax Act (currently 71), we will automatically convert the RRSP to a RRIF. All of the conditions as outlined above will apply and the retirement income payments will be based on the annuitant's age.

## 6.7 Death Benefit Date

The death benefit date is the valuation date we receive sufficient notification of the death of the annuitant(s) in accordance with our rules.

## 6.8 Death Benefit

We will pay a death benefit on the death of the last annuitant.

The contract must be in force and the death must have occurred prior to the maturity date.

The death benefit is determined as of the death benefit date and is equal to the greater of:

- 1) the market value of the fund class units at the credit of your contract; and
- 2) the death benefit guarantee.

If (2) is greater than (1) a top up will be applied.

On receipt of sufficient proof of the last annuitant's death and of the claimant's right to the proceeds, we will pay the death benefit to the beneficiary(ies). The payment will be in one lump sum unless you make other arrangements.

There are no withdrawal fees applicable to the death benefit. The contract will terminate on the death of the last annuitant.

## 6.9 Death Benefit Guarantee

The death benefit guarantee will be reduced proportionately for any withdrawals (see Section 6.12 Withdrawals and the Guarantees).

### 6.9.1 For the Canoe EL Protection Portfolios 75/75

The death benefit guarantee is 75% of the sum of the deposits to the contract.

**Example: Death Benefit Guarantee for the Canoe EL Protection Portfolios 75/75**

Deposit	Total Death Benefit Guarantee
\$10,000	\$7,500 (75% of \$10,000)
\$20,000	\$22,500 (\$7,500 + (75% of \$20,000))

### 6.9.2 For the Canoe EL Protection Portfolios 75/100

The death benefit guarantee is 100% of the sum of the deposits to the contract.

**Example: Death Benefit Guarantee for the Canoe EL Protection Portfolios 75/100**

Deposit	Total Death Benefit Guarantee
\$10,000	\$10,000
\$20,000	\$30,000 (\$10,000 + \$20,000)

## 6.10 Death Benefit Guarantee Resets

This section only applies if the contract is established prior to the annuitant's 80th birthday.

Resets increase the death benefit guarantee following increases in the market value of the fund class units at the credit of your contract (see Section 9.2 Market Value of your Contract).

The death benefit guarantee is automatically reset on each anniversary date until the annuitant's 80th birthday. The final reset is performed on the annuitant's 80th birthday. If those dates fall on a weekend or holiday, the reset will be performed the previous valuation date.

The new death benefit guarantee will be determined as if a complete withdrawal and a redeposit of the market value of the fund class units at the credit of your contract had occurred.

If the new death benefit guarantee is greater than the current death benefit guarantee then the death benefit guarantee will be increased, otherwise it will remain unchanged.

We reserve the right, at any time and without prior notice to you, to change the reset feature. We also reserve the right to cancel the reset feature at any time. We will provide notice to you 60 days prior to the cancellation of the reset feature.

**Example: Death benefit guarantee reset for the Canoe EL Protection Portfolios 75/75 assuming the annuitant's date of birth is May 15, 1943**

Date	Transaction	Amount	Market Value of Fund Class Units*	Death Benefit Guarantee
Jan 04-2022	Initial deposit	\$100,000	\$100,000	\$75,000
Jan 04-2023	Automatic annual reset	n/a	\$105,000	\$78,750 (greater of \$75,000 or 75% of \$105,000)
May 15-2023	Final reset on annuitant's 80th birthday	n/a	\$106,000	\$79,500 (greater of \$78,750 or 75% of \$106,000)

**Example: Death benefit guarantee reset for the Canoe EL Protection Portfolios 75/100 assuming the annuitant's date of birth is May 15, 1943**

Date	Transaction	Amount	Market Value of Fund Class Units*	Death Benefit Guarantee
Jan 04-2022	Initial deposit	\$100,000	\$100,000	\$100,000
Jan 04-2023	Automatic annual reset	n/a	\$105,000	\$105,000 (greater of \$100,000 or \$105,000)
May 15-2023	Final reset on annuitant's 80th birthday	n/a	\$106,000	\$106,000 (greater of \$105,000 or \$106,000)

\*The market values quoted are hypothetical and for illustrative purposes only and should not be considered as representative of past or future investment performance.

## 6.11 Contract Continuance on Death

### 6.11.1 Non-Registered Contracts

Your non-registered contract may continue following your death by making certain elections prior to death. Otherwise the contract will terminate on the death of the last annuitant.

## Joint or Successor Owner

If your contract is non-registered and you are not the annuitant, you can designate a joint owner or a successor owner (in Québec, a subrogated policyholder). Joint owners are deemed to hold the contract as joint owners with right of survivorship, except in Québec. In Québec, joint owners who wish to obtain the same legal effect as the right of survivorship must each appoint the other contract owner as his/her subrogated policyholder.

Except in Québec, if all contract owners predecease the annuitant, the successor owner will become the contract owner. If there is no successor owner named, the annuitant will become the contract owner. In Québec, if a contract owner dies, the subrogated policyholder for the deceased contract owner will become the contract owner or, if there is no subrogated policyholder for a deceased contract owner, the annuitant will become the contract owner. For jointly owned policies, if no subrogated policyholder is named for a deceased contract owner, the annuitant will become the joint owner with the surviving joint owner.

The transfers in ownership described above occur without your contract passing through your estate.

Note: Under current taxation rules, if the successor owner/subrogated policyholder is someone other than your spouse or common-law partner, the transfer of ownership will be considered a taxable disposition and all realized and unrealized gains must be reported on your final tax return.

## Successor Annuitant

You may appoint a successor annuitant at any time prior to the death of the annuitant. If on the death of the annuitant the successor annuitant becomes the annuitant, the contract will continue with no death benefit payable at that time. You may remove a previously appointed successor annuitant at any time.

### 6.11.2 Registered Contracts

Joint or successor owners cannot be appointed on RRSP contracts.

If your contract is a RRIF and you have appointed a person who is your spouse or common-law partner at the time of your death as successor annuitant, and that person becomes the annuitant and contract owner on your death, the contract will continue with no death benefit payable at that time. The retirement income payments will continue to your spouse or common-law partner.

### 6.11.3 TFSAs

Joint owners cannot be appointed on contracts that are TFSAs.

If your contract is a TFSA, you can appoint your spouse or common-law partner as successor owner (subrogated policyholder in Québec). If on your death your spouse or common-law partner becomes the annuitant and contract owner, the contract will continue with no death benefit payable at that time.

## 6.12 Withdrawals and the Guarantees

Whenever the term “**reduced proportionately**” is used throughout the folder and contract provisions it means we will calculate a proportionate reduction based on a number of factors that include:

- the funds you have invested in;
- the date(s) of your deposit(s);
- the funds you withdraw fund class units from; and
- the market value of your contract.

### Example of a proportional reduction for the Canoe EL

**Protection Portfolios 75/75:** Your deposit of \$16,000 is applied towards the purchase of fund class units. The current market value of those fund class units is \$20,000. The death benefit guarantee prior to the withdrawal is \$12,000 and the maturity benefit guarantee is \$12,000. You make a withdrawal of \$2,000.

### The proportional reduction to the guarantees is as follows:

Maturity benefit guarantee:	\$12,000
Death benefit guarantee:	\$12,000
Market value of fund class units:	\$20,000
Reduction in maturity benefit guarantee:	- \$1,200 (\$12,000 X (\$2,000/\$20,000))
Reduction in death benefit guarantee:	- \$1,200 (\$12,000 X (\$2,000/\$20,000))
New maturity benefit guarantee:	\$10,800 (\$12,000 - \$1,200)
New death benefit guarantee:	\$10,800 (\$12,000 - \$1,200)

### Example of a proportional reduction for the Canoe EL

**Protection Portfolios 75/100:** Your deposit of \$16,000 is applied towards the purchase of fund class units. The current market value of those fund class units is \$20,000. The death benefit guarantee prior to the withdrawal is \$16,000 and the maturity benefit guarantee is \$12,000. You make a withdrawal of \$2,000.

### The proportional reduction to the guarantees is as follows:

Maturity benefit guarantee:	\$12,000
Death benefit guarantee:	\$16,000
Market value of fund class units:	\$20,000
Reduction in maturity benefit guarantee:	\$1,200 (\$12,000 X (\$2,000/\$20,000))
Reduction in death benefit guarantee:	- \$1,600 (\$16,000 X (\$2,000/\$20,000))
New maturity benefit guarantee:	\$10,800 (\$12,000 - \$1,200)
New death benefit guarantee:	\$14,400 (\$16,000 - \$1,600)

## 7. FEES AND CHARGES

### 7.1 General Information

Depending on the purchase fee option you have selected you may have to pay a sales charge at the time you make a deposit or pay a withdrawal fee at the time you make a withdrawal. We currently offer a NL option and a DSC option.

### 7.2 Purchase Fee Options

#### 7.2.1 NL Option

If you select the NL option, the entire amount of your deposit is applied towards the purchase of fund class units and we pay a commission to your advisor. No withdrawal fees will apply should you wish to make a withdrawal of some or all of the market value of the fund class units at the credit of your contract; depending on when your deposit was made, your advisor may have to return a portion of their commission.

#### 7.2.2 DSC Option

If you select the DSC option, the entire amount of your deposit is applied towards the purchase of fund class units. A withdrawal fee may be deducted if you withdraw some or all of the market value of the fund class units at the credit of your contract before the end of the withdrawal fee schedule as shown below. Withdrawal fees will only apply to withdrawals that exceed the free withdrawal limit as specified in Section 4.4. The withdrawal fee is equal to the amount(s) withdrawn from each deposit made to your contract multiplied by the withdrawal fee percentage(s) in accordance with the withdrawal fee schedule shown below. Withdrawals are deducted from deposits before any increase in value. Withdrawals are processed on a first-in, first-out basis.

Deposits to the contract under the DSC option are not permitted after December 31st of the year the annuitant turns 80 years old.

#### Withdrawal Fee Schedule

Number of Complete Years from Date of Deposit	DSC Option
Less than 1 year	5.5%
1 year	5.0%
2 years	5.0%
3 years	4.0%
4 years	4.0%
5 years	3.0%
6 years	2.0%
7 years or more	0.0%

For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

We will pay a commission to your advisor whenever a deposit is applied towards the purchase of fund class units.

**Example of the DSC Option: This example does not take the free withdrawal limit into account.**

Date	Transaction	Amount	Withdrawal Fee
May 01-2022	Initial deposit	\$10,000	n/a
May 01-2024	Subsequent deposit	\$15,000	n/a
Sep 30-2026	Withdrawal	\$22,500	\$1,025 (\$10,000 X 4% + \$12,500 X 5%)*

\*The full initial deposit amount is withdrawn and then a portion of the subsequent deposit is withdrawn.

### 7.3 Excessive Short-Term Trading Fee

Excessive short-term trading is the frequent purchase, switch or withdrawal of fund class units. As segregated funds are considered long-term investments we discourage investors from excessive trading because it generates significant costs for a fund. This can reduce a fund's overall rate of return, which impacts all contract owners. As a result, in addition to any other fees and charges that may apply, we will deduct up to 2% of the transaction amount under the following conditions:

- 1) you request that a deposit or a switch be applied towards the purchase of fund class units of a fund within 90 days of withdrawing fund class units from the same fund;
- 2) you request a withdrawal of some or all of the market value of the fund class units from a fund within 90 days of acquiring them; or
- 3) you request a switch within 90 days of the most recent switch.

The fee is paid to the associated fund to help offset the costs of excessive short-term trading. We also reserve the right to refuse to process the requested transaction under these same conditions. This additional fee will not apply to transactions that are not motivated by short-term trading considerations, such as:

- 1) scheduled withdrawals;
- 2) scheduled switches; or
- 3) other transactions in respect of which prior written approval has first been granted by our President, Secretary, or Chief Financial Officer.

## 7.4 Recovery of Expenses or Investment Losses

In addition to the fees described in this folder, we reserve the right to charge you for any expenses or investment losses incurred by us as a result of an error made by you, your advisor or a third party acting on your behalf.

## 7.5 Management Fees

All contract owners indirectly incur the costs associated with the management and operation of the segregated funds. These costs include the management fees and operating expenses which are incorporated into the management expense ratio (see Section 10.6.4 Management Expense Ratio (“MER”)).

## 7.6 Insurance Fee

An “**insurance fee**” is a charge to cover the maturity and death benefit guarantees and is incorporated into the management expense ratio (see Section 10.6.4 Management Expense Ratio (“MER”)).

## 7.7 Protection Portfolios Preferred Pricing Program

As a Canoe EL Protection Portfolios 75/75 or Canoe EL Protection Portfolios 75/100 owner you may be eligible for our Protection Portfolios Preferred Pricing Program (“**the program**”).

The program provides Canoe EL Protection Portfolios 75/75 and Canoe EL Protection Portfolios 75/100 owners with a management fee credit (“**MFC**”) if the market value of eligible fund class units in their contracts or in their household’s contracts meets or exceeds a specified minimum market value. The market value of all Protection Portfolios 75/75 and Protection Portfolios 75/100 fund class units excluding Canoe EL Money Market, is eligible under the program.

A “**household**” means eligible contract owners living at the same physical address who have consented to having their contracts linked together for the purpose of qualifying for the program.

The annual MFC rates are:

Minimum Market Value of Eligible Fund Class Units by Tier	Annual Management Fee Credit (MFC) Rate
\$500,000 - \$999,999	0.25%
\$1,000,000+	0.50%

The amount of the MFC is calculated and accrued daily for each day the market value of eligible fund class units in your contract(s) or your household’s contracts is \$500,000 or more. The MFC is applied automatically on the last business day of each month through the purchase of additional fund class units provided you still hold eligible fund class units on that day. Additional fund class units will, in accordance with our rules, be allocated proportionately to each contract in which you or your household is invested. The MFC will be paid from the general funds of the company.

The MFC will not increase the maturity benefit guarantee or death benefit guarantee of a contract.

If your contract is non-registered, the MFC credited to your contract will be a taxable benefit and will be reported to you for income tax purposes. If your contract is registered, the MFC is non-taxable when credited to your registered contract. However, it will be taxable at the time of withdrawal. If your contract is a TFSA, the MFC will not be a taxable benefit.

We reserve the right, at any time and without prior notice to you and at our sole discretion, to change, cancel, or terminate the program in whole or in part, the eligible fund class units, the conditions for eligibility, the definition of ‘household’, the minimum market value of eligible fund class units by tier, the annual MFC rate and the calculation of the MFC, or any other terms or conditions of the program. Any change, cancellation, or termination of the program may also result in changes to, expiration of, or cancellation of MFC accumulated prior to the change or termination of the program, or changes to the applicability thereof, without any right of refund, credit, or compensation to you.

We reserve the right, at any time and without prior notice to you and at our sole discretion, to include the market value of certain other Empire Life products you or your household may have for the sole purpose of determining you or your household’s market value tier.

You should discuss any questions you have about the program with your advisor. If you do not want to participate in the program as an individual contract owner you must provide notice to us.

### Example of the management fee credit calculation:

Richard has a Canoe EL Protection Portfolios 75/75 contract where the market value of eligible fund class units is \$280,000 for the first 28 days of October. Sarah has a Canoe EL Protection Portfolios 75/100 contract where the market value of eligible fund class units is \$200,000 for the first 28 days of October. Richard and Sarah are considered a “household”; they live at the same physical address and have each consented to having their contracts linked together for the purpose of qualifying for the program. As the household’s market value of eligible fund class units is below the minimum market value tier of \$500,000, no MFC is accrued during any of these 28 days.

On October 29th Richard makes a deposit of \$70,000, bringing the household’s market value of eligible fund class units to \$550,000. No withdrawals are made from either contract through October 31st. As the household’s market value of eligible fund class units now exceeds the minimum market value tier, a MFC will accrue on October 29th, 30th and 31st.

	Household's Contract Owner	Market Value of Eligible Fund Class Units, By Contract	Household's Total Market Value of Eligible Fund Class Units	MFC Calculation, By Contract	MFC Accrued Daily, By Contract
October 1st to 28th	Richard	Canoe EL Balanced Protection Portfolio: \$280,000	\$480,000	N/A	N/A
	Sarah	Canoe EL Moderate Growth Protection Portfolio: \$200,000			
October 29th	Richard	Canoe EL Balanced Protection Portfolio: \$350,000	\$550,000	$\$350,000 \times 0.25\% / 365$	\$2.40
	Sarah	Canoe EL Moderate Growth Protection Portfolio: \$200,000		$\$200,000 \times 0.25\% / 365$	\$1.37
October 30th	Richard	Canoe EL Balanced Protection Portfolio: \$350,000	\$550,000	$\$350,000 \times 0.25\% / 365$	\$2.40
	Sarah	Canoe EL Moderate Growth Protection Portfolio: \$200,000		$\$200,000 \times 0.25\% / 365$	\$1.37
October 31st	Richard	Canoe EL Balanced Protection Portfolio: \$350,000	\$550,000	$\$350,000 \times 0.25\% / 365$	\$2.40
	Sarah	Canoe EL Moderate Growth Protection Portfolio: \$200,000		$\$200,000 \times 0.25\% / 365$	\$1.37
<b>Total MFC</b>					<b>\$11.31</b>
		Market Value of additional fund class units purchased and allocated proportionately to Richard's eligible fund class units of Canoe EL Balanced Protection Portfolio on October 31st			\$7.20
		Market Value of additional fund class units purchased and allocated proportionately to Sarah's eligible fund class units of Canoe EL Moderate Growth Protection Portfolio on October 31st			\$4.11

The MFC is applied automatically to each contract through the purchase of additional fund class units on the last business day of the month (October 31st).

## 8. TAXATION

### 8.1 General Information

This section outlines general tax information as it applies to your contract. It applies to Canadian residents and generally describes current Canadian federal income tax considerations. Not all possible tax considerations that may be relevant to your situation are covered. You are responsible for the proper reporting and remittance of all taxes including any tax liability resulting from any change in law, interpretation or Canada Revenue Agency (“CRA”) policies, practices or procedures. We recommend that you consult your personal tax advisor(s) about your individual circumstances.

### 8.2 Non-Registered Contracts

You are taxed each year on the investment income (interest, dividends, and capital gains) of the fund class units at the credit of your contract. Each segregated fund will allocate its income and realized capital gains and losses to contract owners each year so that no income tax will be payable by a fund. Each fund will allocate the income and realized capital gains and losses proportionally by fund class units to all contract owners at various points in time during the year and not in proportion

to the length of time the contract owner has held units in a fund during a calendar year. All income allocated to you will be reported to you and to the CRA on a T-3 information slip. A copy of this T-3 information slip will be mailed to you and currently includes appropriate subdivisions for taxable investment income, capital gains, and other factors necessary for calculating your personal income tax.

If you make a withdrawal or a switch during the year your T-3 information slip will include any capital gain or loss resulting from the disposition or deemed disposition of fund class units to the extent that the proceeds of disposition for those fund class units exceeds (or is less than) the tax cost of those fund class units.

A top up payment is taxable to you when paid into your contract. We will report the top up payment based on our understanding of the applicable tax legislation at the time the top up payment is payable.

### 8.3 Registered Contracts

Income can accumulate in a registered contract on a tax-deferred basis. Switches within your registered contract or transfers from one registered contract to another registered contract are non-taxable.

A top up payment is non-taxable when paid into your registered contract. The top up payment will be taxable at the time of withdrawal.

### 8.3.1 RRSPs

You can deduct the deposits that you make to your RRSP from your taxable income, up to the maximum amount allowed under the Income Tax Act.

If you make a withdrawal in cash from your RRSP you must pay withholding tax on the amount withdrawn.

Any death benefit payable will be taxable to you in the year of death unless:

- 1) your spouse or common-law partner is appointed as beneficiary in which case the death benefit would be taxable to your spouse or common-law partner; or
- 2) your child or grandchild is appointed as beneficiary in which case the death benefit may qualify as a designated benefit under the Income Tax Act.

### 8.3.2 RRIFs

Retirement income payments and unscheduled withdrawals from your RRIF must be included in your income for the year the payments are made.

We are required to withhold tax at the government prescribed rates from any retirement income payments and unscheduled withdrawals that exceed the RRIF minimum retirement income amount required to be withdrawn for that calendar year. You may also elect to have tax withheld at a specified rate provided the rate is equal to or greater than the government prescribed rates.

Retirement income payments that continue to your spouse or common-law partner as successor annuitant are taxable income to your spouse or common-law partner as received.

### 8.4 TFSAs

Deposits to a TFSA cannot be deducted from your taxable income. Deposits cannot exceed the amount allowed under the Income Tax Act. Investment income (interest, dividends, and capital gains) earned within a TFSA and any applicable top up payments are not taxable to you while in a TFSA or when you make a withdrawal.

## 9. VALUATION

### 9.1 Market Value of Fund Class Units

The market value of fund class units at the credit of your contract for a fund on any date will be equal to:

- 1) the fund class units for that fund at the credit of your contract; multiplied by
- 2) the fund class unit value for that fund on the valuation date coincident with or next following the date of determination.

### 9.2 Market Value of Your Contract

The market value of your contract on any date will be the sum of:

- 1) the market value of all fund class units of all fund classes at the credit of your contract; and
- 2) any deposit that we have received, less any applicable sales charges, which has not yet been applied to purchase fund class units.

### 9.3 Valuation Date and Fund Class Unit Values

On each valuation date fund class unit values are calculated for each fund. The fund class unit values will be effective for all transactions involving the acquisition or cancellation of fund class units of each fund since the last valuation date of the respective fund. Deposits and requests for switches and withdrawals received prior to the cut-off time will receive the fund class unit value as determined by us on that valuation date. Deposits and requests for switches and withdrawals received after the cut-off time will receive the fund class unit value as determined by us on the next valuation date.

A fund class unit value is calculated by determining the fund class' proportionate share of the market value of the fund's investments and other assets, less the fund class' liabilities and proportionate share of the fund's common liabilities; the resulting amount is then divided by the number of fund class units outstanding on the valuation date. The assets of a fund are valued to the extent possible at closing market prices on a nationally recognized stock exchange by financial pricing service companies, and in other cases, fair market value as determined by Empire Life. This valuation method is subject to change should a change in the Canadian Life and Health Insurance Association G2 Guidelines for Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds (together the "**Guidelines**") occur. Segregated fund financial statements require valuation of the fund for financial statement purposes to be in accordance with International Financial Reporting Standards ("**IFRS**"). Any difference between the above valuation methodology and IFRS would be disclosed in the notes to the financial statements. We reserve the right to defer the valuation of a fund and calculation of a fund class unit value for a fund for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine a fund class unit value. Such deferral would not trigger a fundamental change (see Section 10.13 Fundamental Changes).

## 10. SEGREGATED FUNDS

### 10.1 General Information

Your contract offers a wide variety of segregated funds. The fund facts, which form part of the folder, describe the key features of the segregated funds available under this contract. Fund facts are available on our website at [www.empire.ca](http://www.empire.ca) or on request by contacting our head office.

Section 12 of the folder describes the investment objectives, strategies to achieve the objectives and the principal risks of each fund. A complete copy of the current investment objectives, policies, restrictions and practices adopted by each fund is available on request at any time by contacting our head office.

### 10.2 Investment Management

The portfolio manager is shown on the fund facts for each fund. We reserve the right to change the portfolio manager of a fund without prior notice to you.

### 10.3 Adding and Deleting Funds and Fund Classes

We reserve the right to add new funds and/or fund classes to your contract at any time. You may, by providing notice to us and in accordance with our rules, direct your deposits to the new fund(s) or the new fund class(es). All terms and conditions as provided for under the terms of your contract will also apply to any new fund(s) or fund class(es).

We reserve the right to delete funds or fund classes from your contract at any time. In the event that a fund or fund class is deleted you may, subject to any regulatory requirements that apply, select one of the following options:

- 1) transfer the value of the fund class units held in the deleted fund or fund class to acquire fund class units in any other fund or fund class offered under the contract at that time as described in Section 5, Switches; or
- 2) withdraw and transfer the value of the fund class units held in the deleted fund or fund class to any other annuity contract offered by us at that time; or
- 3) withdraw the fund class units held in the deleted fund or fund class as described in Section 4, Withdrawals.

No fees or charges will be applied for a switch or withdrawal of fund class units held in a fund or fund class to be deleted.

We will provide notice to you at least 60 days prior to the deletion date of a fund or fund class. Switches or deposits into the fund or fund class to be deleted may not be permitted during the notice period. If you do not provide us with written notification of the option you have selected at least five business days prior to the deletion date of a fund or fund class, we will automatically apply option (1) described above and switch the value to one of the remaining funds and fund classes available under the contract. We will then select the fund and the fund class to which the value of the fund class units held in the deleted fund or fund class is switched.

For the purpose of determining the value of the fund class units to be switched or withdrawn from a fund or fund class that is to be deleted and, if applicable, the acquisition of fund class units in another fund or fund class under the terms of the contract, the effective date will be the first to occur of:

- 1) within three business days of receipt of your notice to us of the option selected; and
- 2) the deletion date of the fund or fund class.

### 10.4 Splitting of Fund Class Units

We may, at any time, elect to redetermine the number of fund class units in a fund. Any such redetermination will be accompanied by a revaluation of fund class units. The market value of fund class units at the credit of your contract in the respective fund as at the date of the redetermination will remain the same before and after such redetermination.

### 10.5 Merger of Funds

We may, at any time, elect to merge a fund with another one or more of our funds. We will provide notice to you at least 60 days prior to the merger and of the options available to you as a result of the merger.

### 10.6 Fees and Expenses Paid by the Funds

Each fund pays fees and expenses related to the operation of that fund. These fees and expenses include but are not limited to management fees and operational expenses. Each fund class pays its proportionate share of the fees and expenses of the fund. The company may choose to waive a portion of the management and other fees that could be charged to a fund. This will be disclosed annually in the audited financial statements.

Any segregated fund that invests in a secondary fund will not incur any additional management fees, sales charges or operational expenses for holding units of the secondary fund. Each segregated fund carries its own annual management fee. The segregated fund will purchase units in the secondary fund(s) at a net asset value that has been adjusted to exclude all fees, charges and expenses. No additional fees or expenses beyond those described throughout this section will be incurred by the segregated fund.

#### 10.6.1 Management Fee

The annual management fee for each fund will be as specified in the chart below. A management fee can only be increased after we have provided prior notice to you (see Section 10.13 Fundamental Changes).

The management fee covers the charges related to professional investment management and the administration of a fund.

The management fee is subject to applicable taxes (e.g. the Goods and Services Tax (“GST”) or in some jurisdictions, the Harmonized Sales Tax (“HST”). Management fees are calculated and accrued on a daily basis and paid to Empire Life on the next business day. The management fee for each fund in a fund class is calculated as a percentage of the fund’s net asset value

attributable to that fund class, which in turn reduces the fund class unit value.

The annual management fees (excluding applicable taxes) are:

Fund	Annual Management Fee
Canoe EL Conservative Protection Portfolio	2.28%
Canoe EL Balanced Protection Portfolio	2.33%
Canoe EL Moderate Growth Protection Portfolio	2.42%
Canoe EL Money Market	1.00%

### 10.6.2 Operational Expenses

Operational expenses are the fees and charges necessary for a fund to operate. These fees and charges include: legal fees, audit fees, custodial and safekeeping fees and charges, fund valuation fees, bank service and interest charges, applicable taxes, costs related to regulatory compliance including preparing and distributing financial reports and statements, folders and contract owner communications. Operational expenses will vary from year to year and from fund to fund. Operational expenses are accrued on a daily basis and paid to Empire Life monthly.

### 10.6.3 Insurance Fee

The annual insurance fee for each fund will be as specified in the chart below.

Insurance fees are calculated and accrued on a daily basis and paid to Empire Life on the next business day. The insurance fee for each fund in a fund class is calculated as a percentage of the fund's net asset value attributable to that fund class, which in turn reduces the fund class unit value.

The annual insurance fees are:

Fund	Current Annual Insurance Fee	
	Canoe EL Protection Portfolios 75/75	Canoe EL Protection Portfolios 75/100
Canoe EL Conservative Protection Portfolio	0.05%	0.35%
Canoe EL Balanced Protection Portfolio	0.10%	0.50%
Canoe EL Moderate Growth Protection Portfolio	0.10%	0.55%
Canoe EL Money Market	0.00%	0.10%

We reserve the right to change:

- 1) the insurance fee;
- 2) how the insurance fee is calculated; and
- 3) the frequency of the collection of the insurance fee.

An increase of more than the insurance fee limit (the greater of 50 basis points and 50% of the current insurance fee) is considered a fundamental change (see Section 10.13 Fundamental Changes).

### 10.6.4 Management Expense Ratio ("MER")

The MER for each fund in a fund class is outlined in the fund fact statement.

The MER includes the management fee, operational expenses and the insurance fee. The MER is paid by the fund class before the fund class unit value is calculated. The MER for each fund in a fund class is expressed as a percentage of the fund's average daily net asset value attributable to that fund class.

The operational expenses included in the MER for a fund in a fund class will vary, which will result in a different MER each year. The MER for a segregated fund that invests in a secondary fund will include the MER of the secondary fund. The MER for a fund is disclosed annually in the audited financial statements.

### 10.7 Application of Earnings

All earnings of a fund are retained in that fund and used to increase the market value of the fund class units. Earnings may include but are not limited to interest, capital gains, dividends, and distributions. Reinvestment of earnings is required by the terms of our individual variable insurance contracts.

### 10.8 Investment Policies and Restrictions

The fund classes have been established to provide benefits, which will vary in amount depending on the market value of the assets of each fund and the fund class units of that fund at the credit of your contract. Each fund has a fundamental investment objective, which determines the investment policies and restrictions for the fund. The fundamental investment objective of a fund can only be changed after we have provided prior notice to you (see Section 10.13 Fundamental Changes). The investment policies and restrictions may change from time to time, and we will provide notice to you of any material change. The fundamental investment objectives and strategies for each fund are outlined in the fund fact statement and in Section 12 of the folder.

### 10.9 Interest of Management and Others in Material Transactions

No director, officer, associate or affiliate of Empire Life has had any material interest, direct or indirect, in any transactions, or in any proposed transactions within three years prior to the date of filing of this folder, that would or will materially affect Empire Life with respect to the funds.

### 10.10 Material Contracts and Facts

Empire Life has contracted with Canoe Financial LP for the purchase of Canoe Financial LP managed secondary funds.

Other than the contract noted above, there have been no other contracts entered into in the ordinary and normal course of business that can be reasonably regarded as material to contract owners. There are no other material facts relating to the investment policies that have not been disclosed in the folder.

### 10.11 Tax Status of the Funds

Empire Life is subject to income tax at regular corporate rates on its business profits. Excluded from taxation are the investment income and capital gains allocated to contract owners from any segregated fund established under section 451 of the *Insurance Companies Act* (Canada). The Empire Life funds are such segregated funds. The market value of fund class units at the credit of your contract will not be reduced by income tax on the income from funds invested in respect of your contract. All such income realized by the fund is deemed to be allocated out and taxable to the contract owners. However, the funds are subject to GST/HST on goods and services acquired by the funds and foreign withholding taxes on income derived from non-Canadian investments.

### 10.12 Auditor of the Funds

The financial statements for the segregated funds are provided on an audited basis in accordance with the requirements of the Guidelines.

To comply with this requirement, Empire Life has appointed PricewaterhouseCoopers LLP to act as independent auditor of the segregated funds. PricewaterhouseCoopers offices are located at Suite 2600, PWC Tower, 18 York Street, Toronto, Ontario, M5J 0B2.

### 10.13 Fundamental Changes

A fundamental change includes:

- 1) an increase in the management fee of a fund;
- 2) an increase in the management fee of a secondary fund that results in an increase in the management fee of the segregated fund;
- 3) an increase in the insurance fee if the increase is higher than the insurance fee limit (see Section 10.6.3 Insurance Fee);
- 4) a change in the fundamental investment objectives of a fund; and
- 5) a decrease in the frequency that fund class units are valued.

We will provide notice to you at least 60 days prior to making any fundamental change. The notice will outline what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to switch to a similar fund that is not subject to the fundamental change or to withdraw the market value of the fund class units at the credit of your contract in the affected fund. In this event, any applicable fees and charges will not apply provided your notice to us advising of the option

that you have selected is received at least five days prior to the end of the notice period. You may also choose to remain in the affected fund. Switches to or deposits into the affected fund may not be permitted during the notice period.

### 10.14 Fund in Fund Investments

The segregated funds may invest in secondary funds in order to achieve their objectives. The secondary funds may include other segregated funds offered by us, or mutual funds or Exchange Traded Funds (“**ETFs**”) managed by Canoe Financial LP or one of its affiliates, some of which are sub-advised by Aegon USA Investment Management LLC (“**Aegon Asset Management**”).

We reserve the right to change any secondary fund. The fundamental investment objective of a secondary fund cannot be changed unless approved by the securityholders of the secondary fund. If a change to the investment objectives of a secondary fund is approved by the securityholders of such secondary fund, we will give you notice of such change and approval.

If you invest in a segregated fund that invests in a secondary fund, you have purchased an insurance contract with segregated funds. You are not a unitholder of the secondary fund. You are not entitled to any ownership rights of the units of a secondary fund.

A copy of the investment policies, fund facts, simplified prospectus, annual information form, audited financial statements, or other disclosure documents for the secondary funds, as applicable, is available on request from our head office.

## 11. INVESTMENT DETAILS

### 11.1 General Information

While the investments of the funds are not currently subject to the provisions of the *Insurance Companies Act* (Canada), it is the practice of Empire Life to adhere to investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and to obtain the funds’ fundamental investment objectives. Empire Life adheres to the Guidelines.

At present, Empire Life does not, nor does it intend to:

- 1) borrow money in excess of 5% of the market value of the assets of the fund in compliance with the Guidelines;
- 2) invest or hold more than 10% of the market value of the assets of the fund in the securities of any one corporate name (except for investments in bonds issued or guaranteed by the federal, provincial, municipal or territorial governments of Canada) nor own more than 10% of the market value of one corporate issue (excluding the exposure through index instruments);

- 3) engage in the purchase and sale of real estate;
- 4) make loans except for the purchase of debt securities, term deposits and money market securities;
- 5) transfer securities between the fund(s) and Empire Life;
- 6) invest in securities of companies for the purpose of exercising control or management;
- 7) use derivatives for the purpose of leverage (leverage is the method by which a portfolio can take on additional risk by investing in the return of greater assets than the portfolio has cash to purchase those assets).

Any funds permitted to use equity instruments are permitted to use Income Trusts, ETFs, puts, calls, swaps, futures, forwards and other derivatives. Any funds that use fixed income instruments are permitted to use derivatives such as options, futures, swaps and forwards to adjust the fund's duration, to gain exposure to income-producing securities, and to hedge against changes in interest rates or currencies.

In addition to the investment policies outlined, such part of each segregated fund as the portfolio manager deems advisable may be held in short-term investments or cash.

The voting of securities in the investment portfolio of any fund is left to the discretion of the fund manager.

Purchases and sales of securities are made at various brokerage houses depending on value received. In determining value, factors considered include research information, transaction costs and efficiency of execution.

The portfolio manager may modify the investment strategies for a segregated fund at any time within reasonable limits.

## **12. INVESTMENT POLICIES**

### **12.1 General Information**

The fund classes have been established to provide benefits, which will vary in amount depending on the market value of the assets of each fund and the fund class units of that fund at the credit of your contract. Each fund has a fundamental investment objective, which determines the investment strategies and restrictions for the fund. A fund can achieve its investment objectives by investing directly in securities or indirectly through the use of secondary fund(s). Please see the fund's fund facts document for details, and Section 10.14 Fund in Fund Investments.

The fundamental investment objective of a fund can only be changed after we have provided notice to you (see Section 10.13 Fundamental Changes). The investment strategies and restrictions may change from time to time, and we will provide notice to you of any material change.

The following is a brief description of each fund available

under the contract as at the date this folder was prepared. You may request a copy of the complete Statement of Investment Objectives and Policies adopted by each segregated fund at any time by contacting our head office. You may also request a copy of the secondary funds' investment policies, fund facts, simplified prospectus, annual information form, audited financial statements, or other disclosure documents, as applicable, from our head office.

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## **CANOE EL MONEY MARKET**

### **Investment Objective**

The fundamental investment objective of the Canoe EL Money Market is to achieve safety of capital and liquidity by investing in high quality short-term Canadian dollar denominated fixed income securities issued and guaranteed by Canadian governments and corporations.

### **Principal Investment Strategies**

In order to achieve its objective the fund will invest in short-term securities such as treasury bills and short-term debt issued and guaranteed by federal, provincial and municipal governments and their agencies. The fund may also invest in short-term notes issued by Canadian chartered banks, trust companies and other Canadian corporations, and floating rate notes issued by Canadian corporations. The fund may enter into repurchase transactions, reverse repurchase transactions or securities lending transactions.

### **Principal Risks**

Credit risk, interest rate movement risk, and repurchase and reverse repurchase transactions and securities lending risk.

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## **CANOE EL CONSERVATIVE PROTECTION PORTFOLIO**

### **Investment Objective**

The fundamental investment objective of the Canoe EL Conservative Protection Portfolio is to earn income and provide long-term capital growth by investing primarily in fixed income securities and in global equity securities.

### **Principal Investment Strategies**

To achieve its objective of earning income, the fund invests in a portfolio of fixed income securities issued by governments and corporations from around the world. To achieve its objective of long-term capital growth, the fund invests primarily in global equity securities with a diverse representation of companies, geographic regions, market sectors and industry groups. The target asset mix of the fund is 70% in fixed income securities and 30% in equity securities. The fund may invest directly in securities or indirectly through the use of secondary funds, including but not limited to segregated funds, mutual funds or ETFs. The fund invests in a mix of actively managed segregated, mutual and pooled funds. The fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the fund's investment objective and target asset mix. The fund may enter into repurchase transactions, reverse repurchase transactions or securities lending transactions.

### **Principal Risks**

Business risk, cash deposit risk, convertible securities risk, credit risk, emerging countries risk, ETF risk, foreign currency risk, foreign investment risk, fund in fund risk, general derivatives risk, interest rate movement risk, large investor risk, liquidity risk, market risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, special equities risk, trust investment risk and yield fluctuations risk. As the fund currently invests in secondary funds, it is exposed to risks mainly through its investments in the secondary funds.

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## CANOE EL BALANCED PROTECTION PORTFOLIO

### **Investment Objective**

The fundamental investment objective of the Canoe EL Balanced Protection Portfolio is to provide a balance between long-term capital growth and earning income by investing primarily in global equity securities and fixed income securities.

### **Principal Investment Strategies**

To achieve its objective of providing a balance between long-term capital growth and earning income, the fund will invest in a mix of fixed income securities issued by governments and corporations from around the world, and global equity securities with a diverse representation of companies, geographic regions, market sectors and industry groups. The target asset mix of the fund is 50% in fixed income securities and 50% in equity securities. The fund may invest directly in securities or indirectly through the use of secondary funds, including but not limited to segregated funds, mutual funds or ETFs. The fund invests in a mix of actively managed segregated, mutual and pooled funds. The fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the fund's investment objective and target asset mix. The fund may enter into repurchase transactions, reverse repurchase transactions or securities lending transactions.

### **Principal Risks**

Business risk, cash deposit risk, convertible securities risk, credit risk, emerging countries risk, ETF risk, foreign currency risk, foreign investment risk, fund in fund risk, general derivatives risk, interest rate movement risk, large investor risk, liquidity risk, market risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, special equities risk, trust investment risk and yield fluctuations risk. As the fund currently invests in secondary funds, it is exposed to risks mainly through its investments in the secondary funds.

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## CANOE EL MODERATE GROWTH PROTECTION PORTFOLIO

### **Investment Objective**

The fundamental investment objective of the Canoe EL Moderate Growth Protection Portfolio is to provide long-term capital growth and earn income by investing primarily in global equity securities and fixed income securities.

### **Principal Investment Strategies**

To achieve its objective of providing long-term capital growth, the fund will invest primarily in global equity securities with a diverse representation of companies, geographic regions, market sectors and industry groups. To achieve its objective of earning income, the fund will invest in fixed income securities issued by governments and corporations from around the world. The target asset mix of the fund is 30% in fixed income securities and 70% in equity securities. The fund may invest directly in securities or indirectly through the use of secondary funds, including but not limited to segregated funds, mutual funds or ETFs. The fund invests in a mix of actively managed segregated, mutual and pooled funds. The fund will be monitored and re-balanced from time to time at the discretion of the portfolio manager, consistent with the fund's investment objective and target asset mix. The fund may enter into repurchase transactions, reverse repurchase transactions or securities lending transactions.

### **Principal Risks**

Business risk, cash deposit risk, convertible securities risk, credit risk, emerging countries risk, ETF risk, foreign currency risk, foreign investment risk, fund in fund risk, general derivatives risk, interest rate movement risk, large investor risk, liquidity risk, market risk, repurchase and reverse repurchase transactions and securities lending risk, series risk, special equities risk, trust investment risk and yield fluctuations risk. As the fund currently invests in secondary funds, it is exposed to risks mainly through its investments in the secondary funds.

### 13. POTENTIAL RISKS OF INVESTING

All investments carry some risks. The principal risks associated with the funds are highlighted below. To the extent that a fund invests in a secondary fund, the risks of investing in the fund are similar to the risks of investing in the secondary fund in which the fund invests.

#### **Business Risk**

Business risk refers to the risk associated with developments in the business underlying the companies whose stocks are held in the funds.

#### **Cash Deposit Risk**

To the extent that assets of the secondary funds are placed on deposit with a financial institution, the secondary funds are exposed to a risk that the financial institution may be unable to meet its obligations to the funds. To reduce this risk, the secondary funds generally only place cash on deposit with the secondary fund's custodian or sub-custodians or with major financial institutions.

#### **Convertible Securities Risk**

Certain secondary funds may invest in convertible securities. Convertible securities are fixed income securities, preferred stock or other securities that are convertible into or exercisable for common shares of an issuer (or cash or securities of equivalent value) at either a stated price or a stated rate. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. A convertible security's market value typically reflects the market price of the common shares of the issuer when that share price approaches or is greater than the convertible security's "conversion price." Conversion price is the predetermined price at which the convertible security could be exchanged for associated shares. The price of a convertible security tends to be influenced more by the yield of the convertible security as the market price of the underlying common shares declines. Thus, the price of convertible securities may not decline to the same extent as the underlying common shares.

In the event of a liquidation of the issuer, holders of convertible securities would be paid before the company's common shareholders but after holders of any senior debt obligations of the issuer. Consequently, an issuer's convertible securities generally entail less risk than its common shares but more risk than its debt obligations.

Synthetic convertible securities involve the combination of separate securities that possess the two principal characteristics of a "traditional" convertible security (i.e., an income-producing component and a right to acquire an equity security). Synthetic convertible securities are often subject to risks associated with derivatives because the convertible component is typically achieved by investing in warrants or options to

buy common shares at a certain exercise price or options on a stock index. If the value of the underlying common shares or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value. Further, because a synthetic convertible security is composed of two or more separate securities or instruments, each with its own market value, the market value of a synthetic convertible security will respond differently to market fluctuations than a "traditional" convertible security.

#### **Credit Risk**

Credit risk can cause the value of a debt security, such as a bond or other fixed income security, to decrease or increase. This risk includes:

- **default risk:** this is the risk that the issuer of the debt will not be able to pay interest, principal, or repay the debt when it becomes due. Generally, the higher the risk of default, the lower the value of the debt security and the higher the interest rate.
- **credit spread risk:** this is the risk that the credit spread will increase. (Credit spread is the difference in interest rates between the issuer's bond and a bond considered to have little credit risk, such as a treasury bill.) An increase in credit spread generally decreases the value of a debt security.
- **downgrade risk:** this is the risk that a specialized credit rating agency will reduce the credit rating of an issuer's securities. A downgrade in credit rating generally decreases the value of a debt security.
- **collateral risk:** this is the risk that it will be difficult to sell the assets the issuer has given as collateral for the debt or that the value of the assets may be less than any claim on them. This difficulty could cause a decrease in the value of a debt security.

#### **Emerging Countries Risk**

Some of the funds may invest in companies of emerging countries. Investments in companies of emerging countries may involve greater risks than investments in more established companies listed on stock exchanges in North America. Such investments may be considered speculative. For example, companies in emerging countries may have limited markets or financial and management resources and the securities of such companies may be less liquid and more volatile. In many emerging countries, there is less governmental supervision and regulation of business and industry practices, stock exchanges, brokers, custodians and listed companies than in Canada. There is an increased risk, therefore, of uninsured loss due to lost, stolen or counterfeit share certificates, share registration problems and fraud. In some countries, there is also a greater risk of political and social instability and corruption.

### **ETF Risk**

Most ETFs are mutual funds whose units are purchased and sold on a securities exchange. An ETF that is not “actively” managed generally represents a portfolio of securities designed to track a particular market segment or index. To the extent that an ETF tracks a particular market segment, such as real estate, the value of the ETF will fluctuate as the value of the particular market segment it tracks fluctuates. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (i.e., one that is not exchange-traded) that has the same investment objectives, strategies and policies. In addition, an ETF may fail to accurately track the market segment or index that underlies its investment objective. ETFs that are not “actively” managed cannot sell a security even if the security’s issuer was in financial trouble, unless the security is removed from the applicable index being replicated. As a result, the performance of an ETF may be higher or lower than the performance of an actively managed fund. The price of an ETF can fluctuate and a fund could lose money investing in an ETF. In addition, as with traditional funds, ETFs charge asset-based fees. Any fund that invests in ETFs will indirectly pay a proportional share of the asset-based fees of such ETFs. Moreover, ETFs are subject to the following risks that do not apply to conventional funds: (i) the market price of the ETF’s units trade at a premium or a discount to their net asset value; (ii) an active trading market for an ETF’s units may not develop or be maintained; and (iii) there is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

### **Foreign Currency Risk**

Some of the funds may invest a portion of their investment portfolio in foreign securities; however, the assets and liabilities of each fund are valued in Canadian dollars. Fluctuations in the value of the Canadian dollar relative to the foreign currency will impact the market value of the fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a fund holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the Canadian dollar.

### **Foreign Investment Risk**

Some of the funds, directly or indirectly, invest in securities issued by corporations in, or governments of, countries other than Canada. Investing, directly or indirectly, in foreign securities can be beneficial in expanding a fund’s investment opportunities and portfolio diversification, but there are risks associated with foreign investments. Companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that

apply in Canada. Sometimes foreign governments impose taxes, take over private businesses, or change the rights of foreign investors. They might impose currency controls that greatly restrict a fund’s ability to get its money out of the country, or they may devalue their currency. Riots, civil unrest or wars, or unstable governments in some countries could hurt a fund’s investments. Even in some relatively well regulated countries it can be difficult to get the correct information investors need about business operations. And it’s sometimes hard to enforce a fund’s legal rights in another country. Foreign countries may also experience relatively high inflation and high interest rates. A fund’s investments could also suffer because a small number of companies could make up a large part of the foreign market. If one of these companies does poorly the whole market could drop. Fixed income securities bought on foreign markets – even some government bonds – can be quite risky. There’s a risk that the issuer won’t pay off the debt or that the price of the securities will drop rapidly.

Of course, the amount of risk varies a lot from country to country. Securities in developed markets generally have lower foreign investment risk because they’re generally well regulated and are relatively stable. Securities of governments and companies in emerging or developing markets can have significant foreign investment risk.

In addition, emerging markets, which are generally less economically developed foreign countries, are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of securities held, directly or indirectly, by a fund. In addition, accounting and auditing standards and practices may be less stringent than those of developed countries resulting in limited availability of information relating to a fund’s investments. Further, emerging market securities are often less liquid and custody and settlement mechanisms in emerging market countries may be less developed, resulting in delays and the incurring of additional costs to execute trades of securities.

### **Fund in Fund Risk**

If a principal fund invests in a secondary fund, the risks associated with investing in that secondary fund include the risks associated with the securities in which the secondary fund invests, along with the other risks of the secondary fund. Accordingly, a principal fund takes on the risk of any secondary fund and its respective securities in proportion to its investment in that secondary fund. If a secondary fund suspends redemptions, the principal fund that invests in the secondary fund may be unable to value part of its portfolio and may be unable to process redemption orders.

## General Derivatives Risk

A derivative is an investment that bases its value on the value of an underlying asset, such as a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. They may put an investor in a position to make or lose money based on changes in the value of the underlying assets due to fluctuations in, for example, interest rates, securities prices or currency exchange rates. Here are some examples of derivatives:

- **options:** options give the holder the right to buy an asset from, or sell an asset to, another party for a set price, during a set period of time. Fluctuations in the value of the asset during the life of the option will impact the value of the option. The holder of an option has the option of exercising their right to buy or sell the asset, and the other party is obliged to satisfy this right. The other party generally receives a cash payment (a premium) for agreeing to provide the option.
- **forward contracts:** in a forward contract, an investor agrees to buy or sell an asset such as a security or currency at an agreed price on a specific date in the future.
- **futures contracts:** futures contracts generally function in a similar manner as forward contracts, but are traded on an exchange.
- **swaps:** with a swap agreement, two parties agree to exchange, or “swap” payments. The payments the two parties make are based on an agreed underlying amount, like a bond. Each party’s payments are calculated differently. For example, one party’s payments may be based on a floating interest rate, while the other party’s payments may be based on a fixed interest rate.
- **debt like securities:** with a debt like security, the amount of principal or interest (or both) an investor receives goes up or down depending on whether there is an increase or decrease in the value of an agreed underlying security, such as a share.

There are a number of risks involved in the use of derivatives. Here are some of them:

- there is no guarantee that a fund will be able to buy or sell a derivative at the right time to make a profit or limit a loss;
- there is no guarantee that the other party in the contract (known as a “counterparty”) will honour its obligations, which could result in a financial loss for the fund;
- if the value of a derivative is tied to the value of an underlying interest, there is no guarantee that the value of the derivative will at all times accurately reflect the value of the underlying interest;
- if the counterparty goes bankrupt, the fund could lose any deposits that were made as part of the contract;

- securities exchanges could set daily trading limits on options and futures contracts. This could prevent a fund from completing an options or futures deal, making it very difficult to hedge properly, make a profit or limit a loss; and
- if a fund is required to give a security interest in order to enter into a derivative, there is a risk that the other party may try to enforce the security interest against the fund’s assets.

Funds can use derivatives to help offset losses that other investments might suffer because of changes in stock prices, commodity prices, interest rates or exchange rates. This is called hedging. While using derivatives for hedging has its benefits, it is not without its own risks. Here are some of them:

- there is no guarantee that a hedging strategy will always work;
- a derivative will not always offset a drop in the value of a security, even if it has usually worked out that way in the past;
- hedging does not prevent changes in the prices of the securities in a fund’s portfolio, or prevent losses if the prices of the securities go down;
- hedging can also prevent a fund from making a gain if the value of the currency, stock, or bond goes up;
- currency hedging does not result in the impact of currency fluctuations being eliminated altogether;
- a fund might not be able to find a suitable counterparty to enable the fund to hedge against an expected change in a market; and
- hedging may be costly.

## Interest Rate Movement Risk

Interest rates have an impact on a whole range of investments. When interest rates rise, fixed income securities such as treasury bills and bonds tend to fall in price. On the other hand, fixed income securities tend to rise in price when interest rates are falling. Longer term bonds and strip bonds are generally more sensitive to changes in interest rates than other kinds of securities.

The issuers of many kinds of fixed income securities can repay the principal before the security matures. This is called making a prepayment and it can happen when interest rates are falling. If a fixed income security is paid off sooner than expected, a fund may have to reinvest this money in securities that have lower yields. Also, if paid off unexpectedly, or faster than predicted, the fixed income security can offer less income and/or potential for capital gains. The value of debt securities that pay a variable (or “floating”) rate of interest is generally less sensitive to interest rate changes.

### **Large Investor Risk**

Large investors such as financial institutions may purchase or redeem large numbers of units of one or more of the segregated funds. The purchase or redemption of a substantial number of units of a fund may require the portfolio manager to significantly change the composition of a portfolio or force the portfolio manager to buy or sell investments at unfavourable prices. This may affect a fund's performance and could increase realized capital gains or losses for the fund.

### **Liquidity Risk**

Some of the secondary funds invest in illiquid securities. Liquidity refers to how quickly and easily a security can be converted to cash. The value of a secondary fund that owns illiquid securities may rise and fall substantially. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms or for other reasons. Sometimes, there may simply be a shortage of buyers. In addition, in highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. A secondary fund that has difficulty selling a security can lose money or incur extra costs.

### **Market Risk**

Market risk refers to the risk associated with volatility in the stock market. Companies issue common shares and other kinds of equity securities to help pay for their operations and finance future growth. Equity securities can drop in price for many reasons. They are affected by general economic and financial conditions, changes in interest rates, political developments, global pandemics and other catastrophic events. If investors have confidence in a company and believe it will grow, the price of its equity securities is likely to rise. If investor confidence falls, equity prices are likely to fall, too. The prices of equity securities can vary widely and funds that invest in equity securities are generally more volatile than funds that invest in fixed income securities.

### **Repurchase and Reverse Repurchase Transactions and Securities Lending Risk**

A fund may enter into repurchase transactions, securities lending transactions or reverse repurchase transactions. A repurchase transaction is where the fund sells a security to a party at one price and agrees to buy the same security back from the same party at a higher price later on. Securities lending involves the fund lending its securities to a borrower for a fee. The fund can demand the return of the security at any time. In a reverse repurchase transaction, the fund buys a security at one price from a party and agrees to sell the same security back to the same party at a higher price later on. The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction,

the fund is left holding the security and may not be able to sell the security at the same price it paid for it, plus interest, if the market value for the security has dropped in the meantime. In the case of a repurchase transaction or securities lending transaction, the fund could incur a loss if the value of the security loaned or sold has increased more than the value of the cash and collateral held. Securities legislation requires that the other party post collateral in these types of transactions. The value of the collateral must be at least 102% of the market value of the security sold (for a repurchase transaction), cash loaned (for a reverse repurchase transaction) or security loaned (for a securities lending transaction). The value of the collateral is monitored and reset daily. Repurchase transactions and securities lending transactions are limited to 50% of a fund's assets. Collateral held by a fund for loaned securities and cash held for sold securities are not included in a fund's assets when making this calculation.

### **Series Risk**

Certain of the funds invest in secondary funds that are mutual funds. Most mutual funds are available to the mutual fund's investors in more than one series. If a mutual fund cannot pay the expenses of one series using its proportionate share of the mutual fund's assets for any reason, the mutual fund will be required to pay those expenses out of the other series' proportionate share of the mutual fund's assets. That could lower the investment returns of the other series. A mutual fund may, without notice to unitholders and without unitholder approval, issue additional series.

### **Special Equities Risk**

Special equities risk refers to the risk of investing in smaller company securities. Securities of small companies can be riskier investments than securities of larger companies. Small companies are often relatively new and may not have a track record, extensive financial resources or a well established market for their securities. They generally do not have as many shares trading in the market, so it could be difficult for a fund to buy or sell small company stock if it needs to. As a result, the value of these shares and their liquidity can change significantly in a short period of time.

### **Trust Investment Risk**

Income trusts usually hold debt or equity securities in, or are entitled to receive royalties from, an underlying business. Generally, income trusts fall into one of four sectors: business trusts, utility trusts, resource trusts and real estate investment trusts. The risks associated with income trusts will vary depending on the sector and the underlying assets. Similar to other equity securities, income trusts are also subject to general risks associated with business cycles, commodity prices, interest rates and other economic factors. These securities face the same risks as set out in the market risk section above.

Typically, income trusts are more volatile than fixed income securities and preferred shares. In situations where an income trust is unable to meet distribution targets, its value may decline significantly. Returns on income trusts are neither fixed nor guaranteed. In addition, where an income trust is not able to satisfy claims against the trust, investors in the income trust, which include a fund that invests in the income trust, could be held responsible for such obligations. However, certain jurisdictions have enacted legislation to protect investors from some of this liability. To the extent that any of the funds invest in income trusts, such investments will be limited to those jurisdictions which have enacted such legislation.

**Yield Fluctuations Risk**

A mutual fund may be subject to the risk that the yield on the mutual fund's units will fluctuate. The yields of certain mutual funds will fluctuate on a daily basis. Therefore, yields for past periods of these mutual funds are not an indication or representation of future yields. A mutual fund's yield is affected by changes in interest rates, average portfolio maturity, the types and quality of portfolio securities held and operating expenses. Under certain market conditions and depending on the mutual fund's investments, a mutual fund's yield may be less than the management expense ratio for one or more series of units of the mutual fund. In such circumstances, the mutual fund manager may voluntarily choose to absorb some or all of the expenses of the mutual fund or may choose to waive its right to receive all or a portion of its management fee charged to the mutual fund. The mutual fund manager may cease absorbing fund expenses or cease waiving its right to receive its full management fees at any time without notice to unitholders.

# CANOE EL PROTECTION PORTFOLIOS 75/75, CANOE EL PROTECTION PORTFOLIOS 75/100 CONTRACT PROVISIONS

## IMPORTANT INFORMATION

Delivery of the contract provisions does not constitute an acceptance by The Empire Life Insurance Company (“**Empire Life**”) of a contract purchase. We will send you a confirmation notice as our acceptance of a contract purchase. The confirmation notice will be issued once we have received all of the required documents and your initial deposit. Any applicable endorsements or amendments will be sent to you with the confirmation notice and will form part of your contract.

**Any part of the deposit or other amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.**

Empire Life is the issuer of this non-participating deferred annuity contract and the guarantor of the maturity benefit and death benefit guarantees as outlined in the contract provisions.



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**Mark Sylvia**  
President and Chief Executive Officer

## 1. GENERAL INFORMATION

These contract provisions will apply to the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100 contract unless otherwise indicated.

### 1.1 Definitions

The following are definitions for some of the key terms used throughout this document. You will find other terms defined in other sections of the contract. The defined term is bolded and in quotes and the definition is in the sentence containing the defined term. The definitions provided will have the same meaning throughout the information folder and the contract provisions.

**“annuitant”** means the individual named as annuitant on the application. The annuitant is also presumed to be the contract owner only for the purposes of describing the benefits available;

**“application”** means the Application for Canoe EL Protection Portfolios, or the Canoe EL Protection Portfolios Application for a Tax-Free Savings Account (TFSA);

**“Canoe EL Protection Portfolios 75/75”** means the Canoe EL Protection Portfolios 75/75 contract;

**“Canoe EL Protection Portfolios 75/100”** means the Canoe EL Protection Portfolios 75/100 contract;

**“cut-off time”** is 4:00 p.m. ET of a valuation date. Any deposits, switches, withdrawal or reset requests received after the cut-off time will be processed effective the next valuation date. Empire Life reserves the right to change the cut-off time without prior notice to you;

**“deferred sales charge option” (“DSC option”)** means one of the purchase fee options available under the terms of the contract;

**“deposits”** mean the premium amounts you pay to us either directly or as a transfer from another policy/contract with Empire Life or from another financial institution under the terms of the contract;

**“effective date”** is the date we have received all of the required documents and your initial deposit. The effective date of your contract is as shown on the confirmation notice;

**“fund(s)”** and **“segregated fund(s)”** means and includes any one or all of the segregated funds and their respective fund classes available under the terms of the contract at any time;

**“fund class”** means the notional division of a segregated fund for the purposes of determining management fees and benefit guarantees;

**“fund class unit(s)”** means the notional division of a segregated fund for the purposes of determining benefits under the contract;

**“fund facts”** means the disclosure document that forms part of the information folder and, for specified information in the fund facts, part of the contract;

**“Income Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;

**“information folder”** means the disclosure document in respect of the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100 and the fund information that is required under provincial insurance laws;

**“last annuitant”** means the annuitant, or if there is a successor annuitant, the survivor;

**“maturity date”** is December 31st of the year the annuitant turns 100 years old;

**“no load option” (“NL option”)** means one of the purchase fee options available under the terms of the contract;

**“notice to us”** means notice in writing, by any electronic means acceptable to us, or in any other form we may approve and received by us;

**“notice to you”** means notice sent by electronic means or written notice sent by regular mail from us to you at your last known address, according to our records;

**“rules”** mean the administrative rules and procedures established for the contract by us from time to time. We may change our rules in order to provide better service or to reflect corporate policy as well as when required by economic and legislative changes, including revisions to applicable income tax and pension legislation. The operation of the contract and your rights as contract owner is subject to our rules and procedures and no prior notice to you is required for a rule or procedure, or for a change to a rule or procedure to become effective;

**“secondary fund”** means a segregated fund, mutual fund, or other investment fund, limited partnership or income trust, including an index participation unit, in which a segregated fund may invest its assets;

**“similar fund”** means a segregated fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee than the management fee of the fund in question;

**“successor annuitant”** means the person who will become the annuitant on the death of the annuitant;

**“valuation date”** means each day that the Toronto Stock Exchange is open for business and a value is available for the underlying assets of the funds. Valuation of the segregated funds and any secondary funds occurs at the close of business each valuation date. We reserve the right to value a fund less frequently than each business day, subject to a minimum monthly valuation occurring on the last business day of each month;

**“we”, “us”, “our”, “the company”** and **“Empire Life”** means The Empire Life Insurance Company and, for purposes of a Tax-Free Savings Account, the issuer of the Tax-Free Savings Account;

“**withdrawal fee schedule**” means the schedule of fees applicable to withdrawals. The fees in effect at the time your contract is applied for are outlined in Section 7.2 Purchase Fee Options of the information folder;

“**you**”, “**your**”, and “**contract owner**” means the legal owner of the contract and, for purposes of a Tax-Free Savings Account, the holder of the Tax-Free Savings Account. Holder is as defined in the Income Tax Act.

## 1.2 Contract

The “**contract**” is the agreement between you and us. It consists of the application, these contract provisions, any endorsements or amendments issued as part of this contract, and the confirmation notice issued by us. We may amend the contract, without prior notice to you, as required to comply with legislation (such as the Income Tax Act) that may be enacted or amended from time to time (“**applicable legislation**”).

The following information from the fund facts will also form part of the contract effective the date the fund facts was prepared and will remain in effect until such date as it is updated or replaced by a more current fund facts:

- 1) the plan name and the segregated fund(s) name;
- 2) the management expense ratio (“**MER**”);
- 3) risk disclosure;
- 4) fees and expenses; and
- 5) rescission rights.

The information provided within the fund facts is accurate and complies with the Canadian Life and Health Insurance Association Guideline G2 on Individual Variable Insurance Contracts Relating to Segregated Funds and the *Autorité des marchés financiers* Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds as of the date it was prepared. If there is an error on a fund fact, we will take reasonable measures to correct the error. The error will not entitle you to specific fund performance.

Current fund facts are available on request or on our website at [www.empire.ca](http://www.empire.ca).

If you have requested that your contract be registered under the Income Tax Act, the Retirement Savings Plan (“**RSP**”) endorsement or the Retirement Income Fund (“**RIF**”) endorsement, as applicable, and any locked-in endorsement, will form part of your contract. The provisions of the endorsement(s) will, where applicable, override the contract provisions.

If you have applied for a Tax-Free Savings Account (“**TFSA**”) and requested that we file an election to register the contract as a TFSA under the Income Tax Act, the TFSA endorsement will form part of your contract. The provisions of the endorsement will, where applicable, override the contract provisions.

We will not be bound by any amendment made to the contract by you or your advisor unless it is agreed to in writing and signed by an authorized officer of the company. This contract will be governed and interpreted in accordance with the laws of the province or territory of Canada in which you sign the application.

Any action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for British Columbia, Alberta and Manitoba), the Limitations Act, 2002 (for Ontario), or other applicable legislation (for all other provinces and territories).

## 1.3 Maximum Issue Age and Restrictions

You can apply for the Canoe EL Protection Portfolios 75/75 any time up to and including, but no later than, December 31st of the year the annuitant turns 90 years old.

You can apply for the Canoe EL Protection Portfolios 75/100 any time up to and including, but no later than, December 31st of the year the annuitant turns 80 years old.

If the contract is to be registered as a retirement savings plan, the annuitant must be less than the maximum age prescribed by the Income Tax Act.

We reserve the right, without prior notice to you, to change the maximum issue age.

## 1.4 Currency

Amounts payable to or by us will be in Canadian dollars. Cheques must be payable to Empire Life.

## 1.5 Payment of Benefits

Before making payment of any of the benefits payable under the terms of this contract, we will require sufficient proof of the right of the claimant to receive such payment. If the proceeds become payable by reason of the last annuitant’s death, we will also require sufficient proof of death of the annuitant(s) in accordance with our rules.

## 1.6 Beneficiary

The beneficiary(ies) is(are) the person(s) who will receive the death benefit when the last annuitant dies. You can change or revoke the beneficiary designation, as permitted by applicable legislation. If the designation of a beneficiary is irrevocable, you cannot change or revoke it and you cannot exercise certain contractual rights without that beneficiary’s written consent. We assume no responsibility for the validity or effect of any beneficiary designation.

If there are no surviving beneficiaries when the last annuitant dies, the death benefit will be payable to you or to your estate.

## 1.7 Control of the Contract

You may exercise all of the rights and privileges as contract owner subject to the law(s) governing this contract, including requirements under the Income Tax Act. Your rights may be restricted if the beneficiary is irrevocable or if the contract has been assigned.

## 1.8 Contract Termination

Your contract will automatically terminate on the earliest of:

- 1) the date the market value of your contract is equal to \$0;
- 2) the maturity date; and
- 3) the date we receive notification of the death of the last annuitant.

We may choose to terminate your contract if the market value of your contract falls below the minimum balance requirements and there has been no contract activity in the preceding 12 months.

You can choose, subject to regulatory restrictions, to cancel your contract at any time prior to the maturity date. We will calculate the market value of your contract effective the date your request to cancel is received. You can choose to have the market value of your contract, less any applicable withdrawal fees, applied to any of the maturity options available at that time.

## 2. DEPOSITS

### 2.1 General Information

When you make your initial deposit, the “**anniversary date**” of your contract is established. If you make your initial deposit on February 29th, the anniversary date will be February 28th.

You can make deposits to your contract provided it is in force. Deposits will not be permitted after December 31st of the year the annuitant turns 90 years old.

If your contract is to be registered under the Income Tax Act, provincial legislation and/or any pension legislation, certain restrictions may apply, as specified in the applicable endorsement(s).

The amount of your deposit (before any applicable sales charges are deducted) will be used for determining the maturity and death benefit guarantees.

Deposits must be in accordance with our rules. We reserve the right, from time to time and at our discretion, without prior notice to you to:

- 1) refuse to accept deposits;
- 2) limit the amount of deposits to a fund;
- 3) impose additional conditions on deposits; or
- 4) limit the number of contracts owned by you.

**If the advisor associated with your contract is not a licensed insurance agent of World Financial Group Insurance Agency of Canada Inc., you will not be able to make any deposits.**

We may require medical evidence of the health of an annuitant. We reserve the right to refuse to accept a deposit or to refund a deposit should incomplete or unsatisfactory evidence be provided.

### 2.2 Allocation of Deposits

Your deposits, less any applicable sales charges, will be applied towards the purchase of fund class units in any one or more of the funds, as directed by you.

The initial deposit and any regular scheduled deposits, less any applicable sales charge, will be applied based on the fund allocations as chosen by you on the application. You must provide investment instructions for additional lump sum deposits.

You must provide notice to us to change the fund allocation of regular scheduled deposits.

The number of fund class units to be credited to your contract will be equal to the deposit, less any applicable sales charges, divided by the fund class unit value for the applicable fund on the valuation date.

### 2.3 Rescission Rights

You have the right to rescind your decision to purchase the contract. You must provide written notice to us of your desire to rescind the contract within two business days of receiving the confirmation notice. You will receive the lesser of:

- 1) the market value of the fund class units at the credit of your contract on the valuation date following the day we receive your request plus any sales charges applicable to the deposit; and
- 2) the amount of your deposit.

You will be deemed to have received the confirmation notice five business days after we have mailed it.

You may also rescind subsequent deposits to the contract on the same conditions as outlined above except as follows:

- 1) in the event you elect to rescind a subsequent deposit, the right to rescind the purchase will only apply to that deposit; and
- 2) the right to rescind a subsequent deposit does not apply to regular scheduled deposits for which confirmation notices are not issued at the time of deposit.

We reserve the right to defer payment of any value under the rescission right for 30 days following the date we receive your notice to rescind.

**Any deposit allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.**

## 3. WITHDRAWALS

### 3.1 General Information

The maturity and death benefit guarantees will reduce proportionately for any withdrawals.

You may, by providing notice to us and while your contract is in force, request a scheduled or unscheduled withdrawal of some or all of the market value of the fund class units at the credit of your contract. Withdrawals must be in accordance with our rules and will be subject to any regulatory restrictions that may apply.

You must indicate in your notice to us the fund(s) you wish to withdraw the fund class units from. If the market value of the fund class units on a valuation date is not sufficient for us to make the requested withdrawal, we will make the withdrawal in accordance with our rules. The contract will terminate when all fund class units have been withdrawn.

Any applicable withdrawal fees and withholding taxes will be deducted from the amount withdrawn. Withdrawal fees will only apply to withdrawals that exceed the free withdrawal limit. The number of fund class units to be cancelled will be equal to the amount to be withdrawn divided by the fund class unit value for the applicable fund on the valuation date.

If you request a withdrawal of the full market value of your contract, you must elect one of the following options:

- 1) to apply the market value of your contract, less any applicable withdrawal fees, towards the purchase of an annuity in accordance with applicable legislation;
- 2) to receive the market value of your contract, less any applicable withdrawal fees and withholding taxes, in cash (subject to applicable legislation); or
- 3) any other method of settlement that we are then offering.

We reserve the right to refuse a request for a withdrawal or to require that your contract be cancelled if the minimum balance requirements are not met. We reserve the right to defer determination and payment of a withdrawal for as long as any period of emergency beyond our control exists during which it is reasonably impractical for us to determine the fund class unit value for any fund.

### 3.2 Scheduled Withdrawals

You may, by providing notice to us, request that scheduled withdrawals be made. Scheduled withdrawals are the automatic withdrawal of some of the market value of the fund class units at the credit of your contract at regular periodic intervals. We will withdraw the amount you have requested on the date as selected by you. If the date selected falls on a weekend or holiday, the withdrawal will be processed on the previous valuation date.

Scheduled withdrawals from a registered or non-registered contract or a TFSA are available under our Systematic

Withdrawal Plan (“SWP”). If your contract is a RIF, scheduled withdrawals will be referred to as retirement income payments.

### 3.3 Free Withdrawal Limit

For deposits made with a DSC option, withdrawal fees will apply to any withdrawals in excess of the free withdrawal limit that occur before the end of the applicable withdrawal fee period. However, a withdrawal of some of the market value of fund class units at the credit of your contract each calendar year up to the free withdrawal limit will not be charged a withdrawal fee. For withdrawals in excess of the free withdrawal limit, normal withdrawal fees will apply.

The free withdrawal limit is calculated as:

- 1) a percentage of the market value of the fund class units purchased under the DSC option at the credit of your contract on December 31st of the previous calendar year; plus
- 2) a percentage of any deposits made in the current calendar year.

The free withdrawal limit for non-registered, RSP or TFSA contracts will be 10% of the market value of fund class units at the credit of your contract as of December 31st of the previous year plus 10% of any deposits made in the current year up to the date of withdrawal. The free withdrawal limit for RIF contracts will be 20% of the market value of fund class units at the credit of your contract as of December 31st of the previous year plus 20% of any deposits made in the current year up to the date of withdrawal. The free withdrawal limit will be determined each calendar year and cannot be carried over to the next calendar year.

We reserve the right to change the free withdrawal limit, the conditions under which this provision is applied and the calculation of the limits, at any time and without prior notice to you.

### 3.4 Retirement Income Payments

If you have requested that your contract be registered as a RRIF, the Income Tax Act requires that a minimum amount be withdrawn every year as retirement income payments. You are not required to receive a minimum payment for the calendar year in which your contract is established. For each subsequent year, the minimum retirement income payment is calculated in accordance with the minimum payment schedule as specified in Section 146.3 of the Income Tax Act.

The minimum retirement income payment for each calendar year is based on the market value of your contract at the beginning of that calendar year. To the extent possible, retirement income payments will be made in accordance with our rules and the directions you have provided on the application or by subsequent notice to us.

If the total of your retirement income payments in a calendar year is less than the required minimum payment for that year, we will make a payment to you, in accordance with our rules, before the end of that calendar year to meet the required minimum payment.

If the market value of your contract is not enough to make a retirement income payment, the amount available, less any applicable withdrawal fees will be paid to you and your contract will terminate. At no time will any retirement income payment be made which exceeds the market value of your contract immediately before a retirement income payment is due.

### **3.5 Minimum Balance Requirements**

There are minimum balance requirements for the contract. If, at any time and in accordance with our rules, the minimum balance requirements are not met we have the right to terminate your contract.

We reserve the right, without prior notice to you, to change the minimum balance requirements at any time, in accordance with our rules.

**The value of fund class units cancelled in accordance with a request for a withdrawal is not guaranteed but will fluctuate with the market value of the assets of the fund(s).**

## **4. SWITCHES**

### **4.1 General Information**

A switch is the cancellation of fund class units of one fund for their market value and the acquisition of fund class units in another fund. Switches must be in accordance with our rules and any regulatory restrictions that may apply. You may, by providing notice to us and while your contract is in force, request a scheduled or unscheduled switch.

Switches between funds will not affect the maturity and death benefit guarantees. For the purpose of determining withdrawal fees, the original date of your deposit will not change when a switch occurs.

Deposits that have been in the fund the longest will be switched first.

Switches may be subject to the excessive short-term trading fee.

We reserve the right to refuse a switch request in accordance with our rules.

### **4.2 Scheduled Switches**

You may, by providing notice to us, make scheduled switches in accordance with our rules. If the date selected falls on a weekend or holiday, the switch will be processed on the previous valuation date. We reserve the right to cancel your scheduled switches at any time or to direct your scheduled switches to a similar fund in accordance with our rules.

**The market value of fund class units cancelled or acquired in accordance with a switch is not guaranteed but will fluctuate with the market value of the assets of the fund(s).**

## **5. MATURITY AND DEATH BENEFITS**

### **5.1 General Information**

Your contract provides guarantees at maturity and death.

On the maturity date, if the maturity benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the maturity benefit guarantee.

On the death benefit date, if the death benefit guarantee is higher than the current market value of the fund class units at the credit of your contract, we will increase the market value of the fund class units to equal the death benefit guarantee.

Any increase in the market value of the fund class units at the credit of your contract as a result of a maturity or death benefit guarantee will be referred to as a “**top up**”. Any applicable top up payments are provided from the general funds of the company. A contract is limited to one top up. There are no sales charges or withdrawal fees applicable to a top up.

### **5.2 Maturity Date**

The maturity date of your contract is December 31st of the year the annuitant turns 100 years old.

### **5.3 Maturity Benefit**

On the maturity date we will determine a maturity benefit.

The maturity benefit is equal to the greater of:

- 1) the market value of the fund class units at the credit of your contract, less any applicable withdrawal fees; and
- 2) the maturity benefit guarantee.

If (2) is greater than (1) a top up will be applied.

The maturity benefit will be applied to a maturity option you select and your contract will then terminate.

### **5.4 Maturity Benefit Guarantee**

The maturity benefit guarantee will be reduced proportionately for any withdrawals.

The maturity benefit guarantee is 75% of the sum of the deposits to your contract.

### **5.5 Maturity Options**

We will provide notice to you of the maturity options available prior to the maturity date of your contract.

On the maturity date we will apply the maturity benefit to the maturity option you selected. We currently offer the following maturity options:

- 1) a non-commutable annuity payable in equal monthly instalments commencing one month after the maturity date. The annuity will have a 10 year guarantee period and will be payable for as long as the annuitant lives. The amount of each monthly instalment will be the greater of:
  - a) the amount determined based on our annuity rates in effect at that time; and
  - b) \$1.00 of monthly income per \$1,000 of the maturity benefit;
- 2) an annuity of any other form that we may be offering at that time; or
- 3) a lump sum payment to you.

If your contract is non-registered or a TFSA and you have not selected a maturity option we will automatically apply option (1).

Locked-in funds will be applied in accordance with the applicable pension legislation.

## 5.6 RSP to RIF Conversion

If your contract is an RSP, you may convert it to a RIF at any time by providing notice to us. If your contract is a locked-in RSP (LIRA, LRSP or RLSP) it will be converted to a locked-in RIF (LIF, RLIF, LRIF or PRIF) in accordance with the applicable pension legislation. In this event:

- 1) the fund class units at the credit of your contract will be transferred to the same fund class units of the RIF;
- 2) the retirement income payments must meet the minimum payment required under the Income Tax Act and our rules in effect at the time of conversion;
- 3) the beneficiary will remain the same unless we are notified otherwise;
- 4) the maturity date of your contract will not change;
- 5) the maturity benefit and death benefit guarantees will not be affected; and
- 6) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

If you do not provide notice to us and your RSP contract is in force on December 31st of the year in which you reach the maximum age for owning an RSP as prescribed by the Income Tax Act, we will automatically convert the RSP to a RIF. All of the conditions as outlined above will apply and the retirement income payments will be based on the annuitant's age.

## 5.7 Death Benefit Date

The death benefit date is the valuation date we receive sufficient notification of the death of the annuitant(s) in accordance with our rules.

## 5.8 Death Benefit

We will pay a death benefit on the death of the last annuitant provided the contract is in force and the death occurs prior to the maturity date.

The death benefit is determined as of the death benefit date and is equal to the greater of:

- 1) the market value of the fund class units at the credit of your contract; and
- 2) the death benefit guarantee.

If (2) is greater than (1) a top up will be applied.

On receipt of sufficient proof of the last annuitant's death and of the claimant's right to the proceeds, we will pay the death benefit to the beneficiary(ies). The payment will be in one lump sum unless you make other arrangements.

Withdrawal fees do not apply to the death benefit. The contract will terminate on the death of the last annuitant.

## 5.9 Death Benefit Guarantee

The death benefit guarantee will be reduced proportionately for any withdrawals.

### 5.9.1 For the Canoe EL Protection Portfolios 75/75

The death benefit guarantee is 75% of the sum of the deposits to your contract.

### 5.9.2 For the Canoe EL Protection Portfolios 75/100

The death benefit guarantee : is 100% of the sum of the deposits to your contract.

## 5.10 Death Benefit Guarantee Resets

This section does not apply if the contract is established on or after the annuitant's 80th birthday.

The death benefit guarantee is automatically reset on each anniversary date up to the annuitant's 80th birthday. The final reset is performed on the annuitant's 80th birthday. If those dates fall on a weekend or holiday, the reset will be performed the previous valuation date.

The new death benefit guarantee for a fund class will be determined as if a complete withdrawal and a redeposit of the market value of the fund class units of a fund class at the credit of your contract had occurred. If the new death benefit guarantee is greater than the current death benefit guarantee then the death benefit guarantee will be increased, otherwise it will remain unchanged.

We reserve the right to change the reset feature, at any time and without prior notice to you. We also reserve the right to cancel the reset feature at any time. We will provide notice to you 60 days prior to the cancellation of the reset feature.

## 5.11 Contract Continuance on Death

Your contract may continue following your death provided certain elections are made prior to your death. Otherwise the contract will terminate on the death of the last annuitant.

### 5.11.1 Non-Registered Contracts

#### Joint or Successor Owner

Joint owners are deemed to hold the contract as joint owners with right of survivorship, except in Québec. In Québec, joint owners who wish to obtain the same legal effect as the right of survivorship must each appoint the other contract owner as his/her subrogated policyholder.

Except in Québec, if all owners predecease the annuitant, the successor owner will become the owner. If there is no successor owner named, the annuitant will become the owner. In Québec, if an owner dies, the subrogated policyholder for the owner will become the owner or, if there is no subrogated policyholder for an owner, the annuitant will become the owner. For jointly owned policies, if no subrogated policyholder is named for a deceased owner, the annuitant will become the joint owner with the surviving joint owner.

#### Successor Annuitant

You may name a successor annuitant at any time prior to the death of the annuitant. If on the death of the annuitant the successor annuitant becomes the annuitant, the contract will continue with no death benefit payable at that time.

### 5.11.2 Registered Contracts

Joint or successor owners cannot be appointed on RSPs.

If your contract is a RIF and you have appointed your spouse or common-law partner as successor annuitant, and your spouse or common-law partner becomes the annuitant and contract owner on your death, the contract will continue with no death benefit payable at that time. The retirement income payments will continue to your spouse or common-law partner.

### 5.11.3 TFSAs

Joint owners cannot be appointed on contracts that are TFSAs.

If your contract is a TFSA, you may appoint your spouse or common-law partner as successor owner (subrogated policyholder in Quebec). If on your death your spouse or common-law partner becomes the annuitant and contract owner, the contract will continue with no death benefit payable at that time.

## 5.12 Withdrawals and the Guarantees

Whenever the term “**reduced proportionately**” is used throughout the information folder and contract provisions it means we will calculate a proportionate reduction based on the market value of the fund class units of a fund class at the credit of your contract at the time of the transaction.

## 6. FEES AND CHARGES

### 6.1 General Information

Depending on the purchase fee option you have selected you may have to pay a sales charge at the time you make a deposit or pay a withdrawal fee at the time you make a withdrawal. We currently offer a NL option and a DSC option.

### 6.2 Purchase Fee Options

#### 6.2.1 NL Option

If you select the NL option, the entire amount of your deposit is applied towards the purchase of fund class units and we pay a commission to your advisor. No withdrawal fees will apply should you wish to make a withdrawal of some or all of the market value of the fund class units at the credit of your contract; depending on when your deposit was made, your advisor may have to return a portion of their commission.

#### 6.2.2 DSC Option

If you select the DSC option, the entire amount of your deposit is applied towards the purchase of fund class units. However, should you make a withdrawal a withdrawal fee may be deducted from the amount withdrawn in accordance with the withdrawal fee schedule.

The withdrawal fee is equal to the amount(s) withdrawn from each deposit made to your contract multiplied by the withdrawal fee percentage(s) in accordance with the withdrawal fee schedule. Withdrawals are deducted from deposits before any increase in value. Withdrawals are processed on a first-in, first-out basis. For the purpose of withdrawal fees, the original date of your deposit will not change when a switch occurs.

We will pay a commission to your advisor whenever a deposit is applied towards the purchase of fund class units.

Deposits to the contract under the DSC option are not permitted after December 31st of the year the annuitant turns 80 years old.

### 6.3 Excessive Short-Term Trading Fee

Excessive short-term trading is the frequent purchase, switch or withdrawal of fund class units. As segregated funds are considered long-term investments we discourage investors from excessive trading because it generates significant costs for a fund. This can reduce a fund's overall rate of return, which impacts all contract owners. As a result, in addition to any other fees and charges that may apply, we will deduct up to 2% of the transaction amount under the following conditions:

- 1) you request that a deposit or a switch be applied towards the purchase of fund class units of a fund within 90 days of withdrawing fund class units from the same fund;

- 2) you request a full or partial withdrawal of the market value of the fund class units from a fund within 90 days of acquiring them; or
- 3) you request a switch within 90 days of the most recent switch.

The fee is paid to the associated fund to help offset the costs of excessive short-term trading. We also reserve the right to refuse to process the requested transaction under these same conditions. This additional fee will not apply to transactions that are not motivated by short-term trading considerations, such as:

- 1) scheduled withdrawals;
- 2) scheduled switches; or
- 3) other transactions in respect of which prior written approval has first been granted by our President, Secretary, or Chief Financial Officer.

#### 6.4 Recovery of Expenses or Investment Losses

We reserve the right to charge you, in addition to any other applicable fees, for any expenses or investment losses incurred by us as a result of an error made by you, your advisor or a third party acting on your behalf.

#### 6.5 Management Fees

All contract owners indirectly incur the costs associated with the management and operation of the segregated funds. These costs include the management fees and operating expenses, which are incorporated into the management expense ratio (“MER”). The MER is paid by the fund before the fund class unit value is calculated.

#### 6.6 Insurance Fee

An “**insurance fee**” is a charge to cover the maturity and death benefit guarantees and is incorporated into the MER.

There are different insurance fees for the Canoe EL Protection Portfolios 75/75 and the Canoe EL Protection Portfolios 75/100.

We reserve the right to change:

- 1) the insurance fee;
- 2) how the insurance fee is calculated; and
- 3) the frequency of the collection of the insurance fee.

An increase of more than the insurance fee limit (the greater of 50 basis points and 50% of the current insurance fee) is considered a fundamental change (see Section 8.6 Fundamental Changes).

#### 6.7 Protection Portfolios Preferred Pricing Program

As a Canoe EL Protection Portfolios 75/75 or Canoe EL Protection Portfolios 75/100 owner you may be eligible for our Protection Portfolios Preferred Pricing Program (“**the program**”).

The program provides Canoe EL Protection Portfolios 75/75 and Canoe EL Protection Portfolios 75/100 owners with a management fee credit (“**MFC**”) if the market value of eligible fund class units in their contracts or in their household’s contracts meets or exceeds a specified minimum market value. The market value of all Protection Portfolios 75/75 and Protection Portfolios 75/100 fund class units excluding Canoe EL Money Market, is eligible under the program.

A “**household**” means eligible contract owners living at the same physical address who have consented to having their contracts linked together for the purpose of qualifying for the program.

The annual MFC rates are:

Minimum Market Value of Eligible Fund Class Units by Tier	Annual Management Fee Credit (MFC) Rate
\$500,000 - \$999,999	0.25%
\$1,000,000+	0.50%

The amount of the MFC is calculated and accrued daily for each day the market value of eligible fund class units in your contract(s) or your household’s contracts is \$500,000 or more. The MFC is applied automatically on the last business day of each month through the purchase of additional fund class units provided you still hold eligible fund class units on that day. Additional fund class units will, in accordance with our rules, be allocated proportionately to each contract in which you or your household is invested. The MFC will be paid from the general funds of the company.

The MFC will not increase the maturity benefit guarantee or death benefit guarantee of a contract.

If your contract is non-registered, the MFC credited to your contract will be a taxable benefit and will be reported to you for income tax purposes. If your contract is registered, the MFC is non-taxable when credited to your registered contract. However, it will be taxable at the time of withdrawal. If your contract is a TFSA, the MFC will not be a taxable benefit.

We reserve the right, at any time and without prior notice to you and at our sole discretion, to change, cancel, or terminate the program in whole or in part, the eligible fund class units, the conditions for eligibility, the definition of ‘household’, the minimum market value of eligible fund class units by tier, the annual MFC rate and the calculation of the MFC, or any other terms or conditions of the program. Any change, cancellation, or termination of the program may also result in changes to, expiration of, or cancellation of MFC accumulated prior to the change or termination of the program, or changes to the applicability thereof, without any right of refund, credit, or compensation to you.

We reserve the right, at any time and without prior notice to you and at our sole discretion, to include the market value of certain other Empire Life products you or your household

may have for the sole purpose of determining you or your household's market value tier.

You should discuss any questions you have about the program with your advisor. If you do not want to participate in the program as an individual contract owner you must provide notice to us.

## 7. VALUATION

### 7.1 Market Value of Fund Class Units

The market value of fund class units at the credit of your contract for a fund on any date will be equal to:

- 1) the fund class units for that fund at the credit of your contract; multiplied by
- 2) the fund class unit value for that fund on the valuation date coincident with or next following the date of determination.

### 7.2 Market Value of Your Contract

The market value of your contract on any date will be the sum of:

- 1) the market value of all fund class units at the credit of your contract; and
- 2) any deposit that we have received, less any applicable sales charges, which has not yet been applied towards the purchase of fund class units.

### 7.3 Valuation Date and Fund Class Unit Values

On each valuation date fund class unit values are calculated for each fund. The fund class unit values will be effective for all transactions involving the acquisition or cancellation of fund class units of each fund since the last valuation date of the respective fund.

Deposits and requests for withdrawals or switches received prior to the cut-off time will receive the fund class unit value as determined by us on that valuation date. Deposits and requests for withdrawals or switches received after the cut-off time will receive the fund class unit value as determined by us on the next valuation date.

A fund class unit value is calculated by determining the fund class' proportionate share of the market value of the fund's investments and other assets, less the fund class' liabilities and proportionate share of the fund's common liabilities; the resulting amount is then divided by the number of fund class units outstanding on the valuation date.

The assets of a fund are valued to the extent possible at closing market prices on a nationally recognized stock exchange by financial pricing service companies, and in other cases, the fair market value as determined by Empire Life. We reserve the right to defer the valuation of a fund and calculation of a fund class unit value for a fund for as long as any period of emergency

beyond our control exists during which it is reasonably impractical for us to determine a fund class unit value.

The funds themselves, the assets held in the funds and their income and accretions will at all times be and remain the sole property of the company. All income and accretions of a fund will be used to increase the assets of the respective fund. There is no participation in any surplus or profits of the company.

**The fund class unit value of each segregated fund fluctuates with the market value of the assets of the fund and, as a result, the market value of fund class units at the credit of your contract is not guaranteed.**

## 8. SEGREGATED FUNDS

### 8.1 General Information

There is a wide variety of segregated funds available under the terms of your contract. Deposits to your contract will be applied towards the purchase of fund class units as described in Section 2.2 Allocation of Deposits.

We reserve the right to change the portfolio manager of a fund without prior notice to you.

### 8.2 Segregated Funds Offered

The funds currently available will be as outlined in the information folder. We reserve the right to change the funds available without providing prior notice to you.

#### Fund Classes

Fund class units offered under the Canoe EL Protection Portfolios 75/75 are "**Protection Portfolios 75/75**" units. Fund class units offered under the Canoe EL Protection Portfolios 75/100 are "**Protection Portfolios 75/100**" units.

### 8.3 Adding and Deleting Funds and Fund Classes

We reserve the right to add new funds and/or new fund classes to your contract at any time. You may, by providing notice to us and in accordance with our rules, direct your deposits to the new fund(s) or new fund class(es). All terms and conditions as provided for under the terms of your contract will also apply to any new fund(s) or fund class(es).

We also reserve the right to delete funds or fund classes. In the event that a fund or fund class is deleted you may, subject to any regulatory requirements that apply to this contract, select one of the following options:

- 1) switch the value of the fund class units held in the deleted fund or fund class to acquire fund class units in any other fund or fund class offered under the contract at that time as described in Section 4, Switches; or

- 2) withdraw and transfer the value of the fund class units held in the deleted fund or fund class to any other annuity contract offered by the company at that time; or
- 3) withdraw the fund class units held in the deleted fund or fund class as described in Section 3, Withdrawals without incurring any fees.

We will provide notice to you at least 60 days prior to the deletion of any fund or fund class from the contract. Switches or deposits into the fund or fund class being deleted may not be permitted during the notice period. If you have not provided us with written notification of the option selected at least five business days prior to the deletion date of such fund or fund class, we will automatically apply option (1) of this provision and transfer the value to one of the remaining funds and fund classes available under the contract. The fund and fund class to which the value of the fund class units held in the deleted fund or fund class is transferred to acquire fund class units will then be selected at our discretion.

For the purpose of determining the value of the fund class units to be switched or withdrawn from a fund or fund class that is to be deleted and, if applicable, the acquisition of fund class units in another fund and fund class under the terms of the contract, the effective date will be the first to occur of:

- 1) within three business days of receipt of your notice to us of the option selected; and
- 2) the deletion date of such fund or fund class.

#### **8.4 Splitting of Fund Class Units**

We may, at any time, elect to redetermine the number of fund class units in a fund. Any such redetermination will be accompanied by a revaluation of fund class units. The market value of fund class units at the credit of your contract in the respective fund as at the date of redetermination will remain the same before and after such redetermination.

#### **8.5 Merger of Funds**

We may, at any time, elect to merge a fund with another one or more of our funds. We will provide notice to you at least 60 days prior to the merger and of the options available to you as a result of the merger.

#### **8.6 Fundamental Changes**

A fundamental change includes:

- 1) an increase in the management fee of a fund;
- 2) an increase in the management fee of a secondary fund that results in an increase in the management fee of the segregated fund;
- 3) an increase in the insurance fee if the increase is higher than the insurance fee limit (see Section 6.6 Insurance Fee);
- 4) a change in the fundamental investment objectives of a fund; and

- 5) a decrease in the frequency that fund class units are valued.
- We will provide notice to you at least 60 days prior to making any fundamental change. The notice will outline what changes we intend and when they will be effective. Within the notice we will provide you with the opportunity to switch to a similar fund that is not subject to the fundamental change or to withdraw the market value of the fund class units at the credit of your contract in the affected fund. In this event, any applicable fees and charges will not apply provided your notice to us advising of the option you have selected is received at least five days prior to the end of the notice period. You may also choose to remain in the affected fund. Switches to or deposits into the affected fund may not be permitted during the notice period.

### **9. RSP ENDORSEMENT**

NOTE: These provisions only apply to your contract if you have requested that the contract be registered as an RRSP under the *Income Tax Act* (Canada).

The following provisions form part of your contract and, if applicable, override anything to the contrary within the contract provisions if you have requested that your contract be registered under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation.

- 1) “You” and “your” refer to the contract owner and annuitant. “Annuitant” is as defined in the *Income Tax Act* (Canada).
- 2) “Spouse” or “common-law partner” is a person who is recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RRSPs.
- 3) Retirement income payments under the contract may not be assigned in whole or in part.
- 4) In the event of your death prior to the settlement of the contract, the proceeds will be payable in one sum.
- 5) The right to select a retirement income is limited to those described in subsection 146(1) of the *Income Tax Act* (Canada).
- 6) Annuity payments to you or to your spouse or common-law partner will be in the form of equal annual or more frequent periodic payments and as specified in the *Income Tax Act* (Canada). Annuity payments may not be surrendered, commuted or assigned. However, in the event of your death, any remaining annuity payments must be commuted and paid in one sum to the beneficiary, if other than your spouse or common-law partner. If the beneficiary is your spouse or common-law partner, payment of the annuity will continue under the terms of the settlement selected and subject to the terms of the *Income Tax Act* (Canada). In no event may the total of such periodic payments in a year after your death exceed the total of periodic payments in a year before your death.

- 7) Notwithstanding paragraph 146(2)(a) of the *Income Tax Act* (Canada), if the company is given proof that there is tax payable under Part X.1 of the *Income Tax Act* (Canada), or, if applicable, a similar clause of a provincial act, then the company will refund to the contributor all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the market value of the contract. The company may require return of the contract for endorsement.
- 8) No “advantage” as defined under subsection 207.01(1) of the *Income Tax Act* (Canada) that is conditional in any way on the existence of this contract will be extended to or received or receivable by you or to a person with whom you are not dealing at arm’s length.
- 9) Your contract must mature on or before the latest date specified in the *Income Tax Act* (Canada) for RSPs.
- 10) No deposits may be made following the maturity date of your contract.
- 11) Prior to the maturity date and during your lifetime, you may request to withdraw some or all of the market value of the fund class units at the credit of your contract. The withdrawal will be made subject to the terms of this contract and the *Income Tax Act* (Canada). The only benefit payable to you after maturity will be the full or partial commutation of retirement income.
- 12) We will transfer, in whole or in part, at your direction, the market value of your contract as determined in accordance with the contract provisions, together with all information necessary for the continuance of the RSP, to another company who has agreed to be an issuer of another RSP for you.

## 10. RIF ENDORSEMENT

NOTE: These provisions only apply to your contract if you have requested that the contract be registered as a RRIF under the *Income Tax Act* (Canada).

The following provisions form part of your contract and, if applicable, override anything to the contrary within the contract provisions if you have requested that your contract be registered under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation.

- 1) “You” and “your” refer to the contract owner and annuitant. “Annuitant” is as defined in the *Income Tax Act* (Canada).
- 2) “Spouse” or “common-law partner” is a person who is recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RRIFs.
- 3) No payments will be made from the contract except as provided within the contract provisions and as provided under paragraph 146.3(2)(a) of the *Income Tax Act* (Canada).
- 4) Neither the ownership or any payment due may be assigned, in whole or in part.
- 5) On your death, except where your spouse or common-law partner becomes entitled to receive retirement income payments under the terms of your contract or the provisions of your will, we will pay the death benefit as provided in the contract provisions.
- 6) We will transfer, in whole or in part, at your direction, the market value of your contract as determined in accordance with the contract provisions, together with all information necessary for the continuance of the RIF, to another company who has agreed to be a carrier of another RIF for you. We will pay to you the balance of the minimum payment required under the RIF for the year in which the transfer is made in accordance with the *Income Tax Act* (Canada).
- 7) We will not accept deposits other than money transferred from one of the allowable sources as described in paragraph 146.3(2)(f) of the *Income Tax Act* (Canada).
- 8) No “advantage” as defined under subsection 207.01(1) of the *Income Tax Act* (Canada) that is conditional in any way on the existence of this contract may be extended to or received or receivable by you or to any person with whom you are not dealing at arm’s length.

## 11. TFSA ENDORSEMENT

NOTE: These provisions only apply to this contract if the owner has made an election to register this contract as a TFSA under the *Income Tax Act* (Canada).

The following provisions form part of the contract, and if applicable, override anything to the contrary within the contract provisions.

- 1) As defined in subsection 146.2(1) of the *Income Tax Act* (Canada), “distribution” means a payment out of or under a TFSA arrangement in satisfaction of all or part of the holder’s interest in the arrangement and “survivor” of an individual means another individual who is, immediately before the individual’s death, a spouse or common-law partner of the individual.
- 2) This contract will cease to be a TFSA if it is not administered in accordance with the conditions in subsection 146.2(2) of the *Income Tax Act* (Canada), when the contract ceases to be a qualified arrangement, as defined in subsection 146.2(1) or when the last owner dies.
- 3) The contract will be maintained for the exclusive benefit of the owner. Any right of a person to receive a payment out of or under the contract will be disregarded except if payment is being made in respect of the owner’s death.

- 4) No one other than the owner or the company will have any rights under the contract relating to the amount and timing of distributions and the investing of funds.
- 5) A contract ceases to be a TFSA on the death of the owner unless the owner's spouse or common-law partner has been appointed successor owner.
- 6) No one other than the owner may make deposits to the contract.
- 7) If the company is given proof that there is tax payable under section 207.02 or 207.03 of the *Income Tax Act* (Canada) then the company will refund to the owner all amounts required to reduce the amount otherwise payable. However, the refund may not exceed the market value of the contract.
- 8) No deposits may be made after the maturity date of the contract.
- 9) On receipt of notice from the owner we will transfer, in whole or in part, the market value of this contract as determined in accordance with the contract provisions to another TFSA of the owner.
- 10) This contract is intended to be a TFSA for the purposes of the *Income Tax Act* (Canada). This contract will be administered, and all contributions, distributions, transfers, refunds and other payments under this contract will be made in accordance with the *Income Tax Act* (Canada), including the conditions applicable to a qualifying arrangement that are set out in subsection 146.2(2) of the *Income Tax Act* (Canada). We reserve the right to amend this contract if such an amendment is required for this contract to maintain its TFSA status.

## **The Empire Life Insurance Company**

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