

EMPIRE LIFE INFORMATION CIRCULAR

DATE: NOVEMBER 16, 2015

No. 2015-34

CATEGORY: INVESTMENTS

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

SUBJECT: Class Plus 2 Deposit Changes (No changes to Class Plus 2.1)

Announcement Empire Life is closing Class Plus 2 to lump-sum deposits on Friday, December 18, 2015 at 4:00 pm ET. Requests for new or changes to existing Pre-Authorized Deposit Plans (PADs) must be received before 4:00 pm ET on November 30, 2015. **There are no changes to Class Plus 2.1.**

Background Class Plus 2 was closed to new policies in 2014, and deposits to existing contracts were limited to \$25,000 per policy for 2015. We are making changes to Class Plus 2 deposit rules:

**Class Plus 2
Deposit Changes**

November 30, 2015 at 4:00 pm ET	Last day to set up or make changes to existing PAD amount. T2033 Transfer forms must be received by Empire Life by this date.
December 18, 2015 at 4:00 pm ET	No further lump-sum deposits may be made to Class Plus 2. (other than T2033 transfers submitted prior to November 30, 2015)
February 12, 2016 at 4:00 pm ET	Proceeds from T2033 transfers must be received by February 12, 2016.

Please note total deposits (lump sum and PADs) cannot exceed \$25,000 for 2015.

No changes to Class Plus 2.1 There are no changes to Class Plus 2.1. For customers looking for guaranteed retirement income for life, Class Plus 2.1 is open. It offers flexible income starting as early as age 55, a 5% annual income base bonus, single and joint life tiered income options.

Customer Notification An announcement will be posted on our consumer website on November 18. Class Plus 2 customers will be notified with a message on their December 31, 2015 statements.

Information Folder As this change does not affect guarantees or features of Class Plus 2, there is no change to the Empire Life Class Plus 2 Information Folder or contract provisions.

Attachments FAQ including a copy of the message included in the yearend customer statements.

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

FREQUENTLY ASKED QUESTIONS

1. What is happening?

Empire Life is closing Class Plus 2 to lump-sum deposits and new Pre-Authorized Deposit Plans (PADs), and restricting future PAD increases. As a reminder, Class Plus 2 was closed to new customers last year and deposits to existing contracts were limited to \$25,000 per policy for 2015.

Please note that these changes DO NOT impact Class Plus 2.1.

2. Why is Empire Life making these changes?

The prolonged low interest rate environment has proven challenging for insurers with legacy Guaranteed Withdrawal Benefit (GWB) products. Class Plus 2 was closed to new policies on October 31st, 2014, and lump sum deposits and PADs were restricted to \$25,000 per policy for 2015. As this low interest rate environment has persisted, we are making changes to Class Plus 2 deposit rules.

3. When is this happening?

Restriction of Lump Sum Deposits

All lump sum and PAD deposits into existing Class Plus 2 policies continue to be subject to the \$25,000 per policy limit in place for 2015:

- **Cheques:** Lump sum deposits made via cheque must be received by 4:00pm ET, Friday, December 18th, 2015.
- **FundSERV:** Lump sum deposits made via FundSERV must be processed by 4:00pm ET, Friday, December 18th, 2015. Supporting documentation (deposit instructions, cheque, etc...) must be received by T+3 or the trades will be cancelled.
- **Transfers:** The T2033 (or equivalent transfer form) must be received in good order at Empire Life c/o Citi (Mississauga, Ontario) by 4:00 pm ET, Monday, November 30th, 2015 for the transfer to be accepted. The proceeds from the transfers must be received by 4:00 pm ET, Friday, February 12th, 2016. Funds received after the deadline must be directed to other currently sold products

Restriction of PADs

All PAD and lump sum deposits into existing Class Plus 2 policies continue to be subject to the \$25,000 per policy limit in place for 2015:

- **New PADs:** Class Plus 2 customers who have not yet set up a PAD may do so until 4:00 pm ET, Monday, November 30th, 2015. After that date no new PADs may be set up.
- **Existing PADs:** Class Plus 2 customers who wish to increase their PAD amounts have until 4:00 pm ET, Monday, November 30th, 2015 to do so. After that date PAD amounts may not be increased.

NOTE: PADs may be decreased or cancelled at any time

Summary of Restrictions

Monday, November 30th, 2015, 4:00pm ET	<ul style="list-style-type: none">• Cut-off to set up a new Class Plus 2 PAD• Cut-off to increase deposit amounts to existing PADs• Cut-off to receive T2033 for transfers into Class Plus 2
Friday, December 18 th , 2015, 4:00pm ET	<ul style="list-style-type: none">• Cut-off for lump sum deposits via cheque or FundSERV
Friday, February 12 th , 2016 4:00pm ET	<ul style="list-style-type: none">• T2033 proceeds must be received at Empire Life c/o Citi

Please note that these changes DO NOT apply to Class Plus 2.1

4. What if my customer inadvertently exceeds the \$25,000 deposit limit for 2015?

The previously announced deposit limit of \$25,000 for 2015 is the aggregate of all deposits, including lump sum deposits, transfers from another institution, transfers from another Empire Life policy, and PAD deposits. Any deposits that exceed the \$25,000 deposit limit will be rejected and the advisor will be asked to provide updated deposit instructions to redirect the proceeds into another Empire Life policy that is eligible for deposits.

5. Will the deposit limit of \$25,000 to Class Plus 2 per policy for existing PADs be changed for 2016?

At this time, we are not planning on making any changes to the deposit limit for 2016. However, Empire Life has the right to refuse or limit the amount of deposits to the Empire Life Class Plus 2 contract at any time.

6. How are you communicating the deposit changes to Class Plus 2 customers?

All Class Plus 2 customers will receive a message on their annual statement notifying them of the changes to the deposit rules to Class Plus 2. Customers will receive their statements starting in late January 2016.

A notification will also be posted on our public website on November 18th, 2015: www.empire.ca
The customer notification is as follows:

IMPORTANT NOTICE ABOUT EMPIRE LIFE CLASS PLUS 2

We are notifying you of changes to Class Plus 2 deposit rules. You can be assured that these changes do not affect the important benefit guarantees of Class Plus 2, including your guaranteed income for life. These changes are necessary to address the impact of prolonged low interest rates that have affected all insurance companies offering these types of products.

On October 31st, 2014, deposits to Class Plus 2 for 2015 were limited to \$25,000 per policy. We are now notifying you that Empire Life is no longer accepting lump-sum deposits to Class Plus 2 after December 18th, 2015. If you have a Pre-Authorized Deposit Plan (PAD), it will be continued. Your PAD amount may be decreased or cancelled, but the amount may not be increased. New PADs may not be set up.

For your additional guaranteed income needs you may want to talk to your financial advisor about Class Plus 2.1, our guaranteed income solution that offers flexible income for life.

Please contact your financial advisor or the Empire Life Customer Service Team at 1-800-561-1268 if you have questions.

7. Are amendments required to contracts of customers currently invested in Class Plus 2?

As this is not a contractual change, no amendments are required.

8. Who can I contact if I have a question about the deposit changes to Class Plus 2?

Please contact your regional sales representative or call our customer services representatives at 1-800-561-1268.