

Executive Summary

The following is a summary of the features of the Empire Class Segregated Funds Contract at the time of the printing of this Information Folder. We recommend that you review this Information Folder, including the Segregated Fund Highlights booklet prior to purchasing the Empire Class Segregated Funds Contract.

<p>Types of Contracts</p> <ul style="list-style-type: none"> • Non-registered Savings Plan • Registered Savings Plans (RRSP, Spousal or Common-law partner RRSP, LIRA and LRSP) • Registered Retirement Income Funds (RRIF, Spousal or Common-law partner RRIF, LIF, LRIF, PRIF) 	<p>Section 2</p>																																
<p>Funds and Fund Classes</p> <ul style="list-style-type: none"> • We currently offer 7 Fund Classes (B, C, D, E, F,G and H) and a wide variety of Segregated Funds • The Segregated Funds available will vary by Fund Class • A Fund's performance will vary by Fund Class as a result of different management fees • The investment objectives, policies and the securities held in a Fund will be the same for each Fund Class • You may invest in the following Fund Classes within the same Contract: <ul style="list-style-type: none"> a) Fund Classes B, C, and G; or b) Fund Classes D, E, and H • Fund Class F is only available for institutional investors • Each Fund Class has different Maturity and Death Benefit Guarantees as shown below: <table border="1" data-bbox="126 573 1250 743"> <thead> <tr> <th>Fund Class</th> <th>Maturity Benefit Guarantee</th> <th>Death Benefit Guarantee</th> <th>Guaranteed Minimum Withdrawal Benefit</th> </tr> </thead> <tbody> <tr> <td>B</td> <td>75%</td> <td>100%</td> <td>No</td> </tr> <tr> <td>C</td> <td>100%</td> <td>100%</td> <td>No</td> </tr> <tr> <td>D</td> <td>75%</td> <td>100%</td> <td>No</td> </tr> <tr> <td>E</td> <td>100%</td> <td>100%</td> <td>No</td> </tr> <tr> <td>F</td> <td>75%</td> <td>75%</td> <td>No</td> </tr> <tr> <td>G</td> <td>75%</td> <td>100%</td> <td>Yes</td> </tr> <tr> <td>H</td> <td>75%</td> <td>100%</td> <td>Yes</td> </tr> </tbody> </table>	Fund Class	Maturity Benefit Guarantee	Death Benefit Guarantee	Guaranteed Minimum Withdrawal Benefit	B	75%	100%	No	C	100%	100%	No	D	75%	100%	No	E	100%	100%	No	F	75%	75%	No	G	75%	100%	Yes	H	75%	100%	Yes	<p>Section 1.4 Section 1.5 Section 11.6.1</p> <p>Section 1.4</p> <p>Sections 6.4, 6.9, 6.11, & 7.12</p>
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F	Negotiable	Negotiable																															
<p>Switches</p> <ul style="list-style-type: none"> • 5 free switches per calendar year • minimum switch of \$250 per Fund in a Fund Class 	<p>Section 5</p>																																
<p>Withdrawals</p> <ul style="list-style-type: none"> • minimum withdrawal of \$250 per Fund in a Fund Class • 10% free withdrawal limit for Non-registered and Registered Savings Plans • 20% free withdrawal limit for Registered Retirement Income Funds 	<p>Section 4</p>																																
<p>Guaranteed Minimum Withdrawal Benefit</p> <ul style="list-style-type: none"> • Only applies to Fund Classes G and H (Class Plus) • Provides a guarantee that withdrawals can be made up to a maximum amount each calendar year (the Lifetime Withdrawal Amount) beginning in the calendar year after the Annuitant turns 65 years old or later • Withdrawals are available prior to age 65 – Maximum Withdrawal Allowance • Guarantees may increase through Income Base Bonuses in any of the first 15 calendar years after initial deposit to Fund Class G or H • Guarantees may increase through automatic resets that occur every 3 years • Withdrawals in excess of the Lifetime Withdrawal Amount or Maximum Withdrawal Allowance may significantly reduce or eliminate the value of this benefit • Lifetime Withdrawal Amounts and Maximum Withdrawal Allowances are recalculated at least annually • Fees for Class Plus will vary depending on the Funds chosen by you 	<p>Section 7</p>																																
<p>Resets of the Guarantees</p> <ul style="list-style-type: none"> • For Fund Classes B,C,D,E, and F there are 2 client initiated resets of the Maturity and Death Benefit Guarantees available per calendar year provided there is at least 10 years to Maturity • For Fund Classes G and H there will be: <ul style="list-style-type: none"> a) an automatic reset of the Death Benefit Guarantee every 3 years prior to the Annuitant's 80th birthday; b) an automatic reset of the Death Benefit Guarantee on the Annuitant's 80th birthday; c) an automatic Class Plus Income Base Reset every 3 years; d) an automatic Bonus Base Reset every 3 years; and e) no Maturity Benefit Guarantee resets are permitted. 	<p>Section 6.11 & Section 7.10</p>																																
<p>Purchase Fee Options</p> <ul style="list-style-type: none"> • Front End Load – negotiable between 0% and 5% - available for Fund Classes B, C, D, E, G and H • Back End Load Options: a) Deferred Sales Charge("DSC") – 5 year declining scale starting at 5% – available for Fund Classes B, C and G b) Low-Load – 2 year declining scale starting at 2% – available for Fund Classes B, C, and G 	<p>Section 8.2</p>																																
<p>Fees and Expenses Paid by the Funds</p> <ul style="list-style-type: none"> • Management fees vary by Fund and Fund Class • Management Expense Ratio is the true cost of investing in a Fund and is comprised of the management fees and operating expenses 	<p>Section 11.6</p>																																
<p>Financial Information</p> <ul style="list-style-type: none"> • We recommend that you review the Segregated Fund Highlights booklet prior to purchasing your Contract • The most recently published audited Financial Statements are available upon request or on our web site at http://www.empire.ca/ • Unaudited Financial Statements are available upon request or on our web site • Information on current fund performance is available on our web site at http://www.empire.ca/ 	<p>Segregated Fund Highlights booklet and the audited Financial Statements.</p>																																

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.

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Introduction

The Empire Life Insurance Company (“Empire Life”) 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 Segregated Fund Highlights booklet) and the Policy Provisions for the Empire Class Segregated Funds Contract. Delivery of the Policy 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 will be sent once we have received all of the required documents and the initial deposit.

The Empire Class Segregated Funds contract is a deferred annuity contract that contains Maturity Options including the option to receive an immediate annuity. The Empire Class Segregated Funds Contract provides guarantees payable at the Maturity Date or upon the death of the last Annuitant. There is also an option available that guarantees income payments over the lifetime of the Annuitant when certain criteria are met.

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 Policy 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 The Empire Life Insurance Company and, as such, is not entitled to any voting rights. The rights of the Contract Owner are limited to those contained in the Contract.

Certification

This is to certify that this Information Folder (“Folder”) including the Segregated Fund Highlights booklet provides brief and plain disclosure of all material facts relating to the Empire Class Segregated Funds Contract issued by The Empire Life Insurance Company. The Folder is incomplete unless the Segregated Fund Highlights booklet is included. The contents of this Folder are not contractual.



Mr. Leslie C. Herr

President and Chief Executive Officer



Mr. Mike Schneider

Executive Vice-President, Finance

Empire Class Segregated Funds Information Folder

I. GENERAL INFORMATION

I.1 Definitions

The following are definitions for some of the key terms used throughout this document. The definitions provided will have the same meaning throughout the Information Folder and the Policy Provisions.

“**Annuitant**” shall mean the individual on whose life any benefits payable are based. The Annuitant is also presumed to be the Contract Owner only for the purposes of describing the benefits available;

“**Application**” shall mean the Empire Class Segregated Funds Application or the Empire Class Segregated Funds Application for Nominee/Intermediary Account;

“**Class Plus**” shall mean Fund Class G or H;

“**cut-off time**” will be 4:00 p.m. EST of a Valuation Date. Any deposits or switches, withdrawal and 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;

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

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

“**Fund(s)**” and “**Segregated Funds**” shall mean and include 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**” shall mean the notional division of a Segregated Fund for the purposes of determining the management fee and the Maturity Benefit, Death Benefit and Guaranteed Minimum Withdrawal Benefit guarantees;

“**Fund Highlights**” shall mean the Segregated Fund Highlights booklet that forms part of this Information Folder;

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

“**last Annuitant**” shall mean the Annuitant, or if there is a Successor Annuitant, the last surviving Annuitant;

“**Maturity Date**” shall mean the latest date that a Contract may be owned. The Maturity Benefit is payable on the Maturity Date;

“**notice to us**” shall mean 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**” shall mean written notice sent by regular mail from us to you at your last known address according to our records;

“**rules**” shall 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 the Income Tax Act and applicable pension legislation. The operation of the Contract and your rights as Contract Owner is subject to our rules and procedures and no prior notice is required for a rule or procedure to become effective;

“**similar fund**” shall mean 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;

“**Valuation Date**” shall mean each day that our Head Office 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**” shall mean The Empire Life Insurance Company;

“**withdrawal fee schedule**” shall mean the schedule of fees applicable to withdrawals. The fees in effect at the time your Contract is applied for will be as outlined in Section 8.2.2 Back-End Load Options of the Information Folder;

“**you**”, “**your**”, and “**Contract Owner**” shall mean the legal owner of the Empire Class Segregated Funds Contract.

1.2 Use of your Personal Information

1.2.1 Privacy Statement

By signing the Application you understand and agree that:

- a) 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:
 - 1) assess the Application;
 - 2) appraise any risk;
 - 3) assess any claim that you or your beneficiaries may make for income payments or other benefits;
 - 4) administer the file;
 - 5) answer any questions you may have about your Application or file in general; and
 - 6) provide you with information about your file and our products and services.
- b) Your file will be kept at our Head Office. You are entitled to consult your file and when applicable, have it corrected. You must send notice to us in order to exercise your rights; and
- c) 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, 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 consent to:

- a) Empire Life, our reinsurers, employees, agents and representatives, and any other person authorized by you to access, retain and exchange personal information contained in your file as required in order to achieve the objectives of your file;
- b) Empire Life to provide and exchange information regarding your file to your Advisor, 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
- c) 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, 30 Adelaide Street East, Suite 1, Toronto, Ontario, M5C 3G9. In some cases where a third party distributor is involved and the Contract is held externally in a Nominee or Intermediary name, your correspondence may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Empire Life.

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;
- upon request, the Audited Financial Statements;
- upon request, the semi-annual Unaudited Financial Statements.

The most recently published Audited Financial Statements are available at any time on our web site (<http://www.empire.ca/>).

In some cases where a third party distributor is involved and the Contract is held externally in a Nominee or Intermediary name, correspondence from us may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Empire Life.

1.4 Fund Class Availability

We currently offer Fund Classes B, C, D, E, F, G and H under the Empire Class Segregated Funds Contract. Each Fund Class has different Maturity and Death Benefit Guarantees (See Section 6.4 Maturity Benefit Guarantee and Section 6.9 Death Benefit Guarantee). Fund Classes G and H have Guaranteed Minimum Withdrawal Benefits (See Section 7 Guaranteed Minimum Withdrawal Benefit). There is also a different management fee for each Fund in a Fund Class (See Section 11.6 Fees and Expenses Paid by the Funds). All Segregated Funds offered under the terms of this Contract are currently available within Fund Classes B, C, D, E and F. A select group of Funds are available within Fund Classes G and H.

You may invest in Fund Class B, Fund Class C, and Fund Class G Units within the same Contract. You may invest in Fund Class D, Fund Class E, and Fund Class H Units within the same Contract. No other Fund Class combinations are available within the same Contract.

Fund Class F Units are not sold to the general public. Fund Class F Units are only available to institutional investors who have entered into an agreement with Empire Life. No management fees are charged to the Funds with respect to Fund Class F. Instead, each institutional investor negotiates a separate fee that is paid directly to Empire Life. There is no commission payable on the sale of Fund Class F Units. The minimum deposit and balance requirements are negotiable between the Contract Owner and Empire Life. There are no sales charges applicable to Fund Class F Units.

1.5 Segregated Fund Availability

The Segregated Funds currently available within each Fund Class are as shown in the chart below. We reserve the right to change the Funds available within a Fund Class without providing advance notice to you.

Fund	Fund Class B	Fund Class C	Fund Class D	Fund Class E	Fund Class F	Fund Class G	Fund Class H
Canadian Equity	Yes	Yes	Yes	Yes	Yes	No	No
Elite Equity	Yes	Yes	Yes	Yes	Yes	No	No
Dividend Growth	Yes	Yes	Yes	Yes	Yes	No	No
Small Cap Equity	Yes	Yes	Yes	Yes	Yes	No	No
American Value	Yes	Yes	Yes	Yes	Yes	No	No
US Equity Index	Yes	Yes	Yes	Yes	Yes	No	No
International Equity	Yes	Yes	Yes	Yes	Yes	No	No
Global Equity	Yes	Yes	Yes	Yes	Yes	No	No
Global Dividend Growth	Yes	Yes	Yes	Yes	Yes	No	No
Global Smaller Companies	Yes	Yes	Yes	Yes	Yes	No	No
Bond	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Income	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Money Market	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Asset Allocation	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Balanced	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Global Balanced	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Conservative Portfolio	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Balanced Portfolio	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Moderate Growth Portfolio	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Growth Portfolio	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Aggressive Growth Portfolio	Yes	Yes	Yes	Yes	Yes	Yes	Yes

1.6 Creditor Protection

The Empire Class Segregated Funds Contract is an individual variable insurance contract 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.

1.7 Recovery of Expenses or Investment Losses

In addition to the fees described in this Information 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.

2. TYPES OF CONTRACTS

2.1 General Information

A Contract may be purchased as registered or non-registered. The registered Contracts available include Registered Retirement Savings Plan (RRSP including Spousal or Common-law partner RRSP, Locked-In Retirement Account (LIRA) or Locked-in RSP (LRSP)) and Registered Retirement Income Funds (RRIF including Spousal or Common-law partner RRIF, Life Income Fund (LIF), Locked-In Retirement Income Fund (LRIF), 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

Non-registered Savings Plans 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.

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.

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.

2.3.1 Registered Retirement Savings Plans (RRSP, Spousal or Common-law partner RRSP, LIRA, LRSP)

You may own and make deposits to an Empire Class Segregated Funds Contract 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:

- a) convert to a Registered Retirement Income Fund (RRIF) or Spousal or Common-law partner RRIF; or
- b) convert to a Locked-in Retirement Income Fund (LRIF), Life Income Fund (LIF), Prescribed Retirement Income Fund (PRIF) or any other locked-in plan as allowed under the applicable pension legislation if your funds are locked-in; or
- c) convert to an immediate annuity; or
- d) request a cash withdrawal (not available on LIRA or LRSP plans).

2.3.2 Registered Retirement Income Funds (RRIF, Spousal or Common-law partner RRIF, LIF, LRIF, PRIF)

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 or PRIF with funds transferred from your LIRA 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 and LRIFs are the same as for a RRIF. LIFs and LRIFs may have a maximum annual income that can be paid out each year. A LIF, 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, 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 31 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.

3. DEPOSITS

3.1 General Information

To establish a Contract, you must deposit at least the minimum initial deposit amount per Fund Class as shown below.

Contract Type	Fund Class	Initial Deposit Amount
Registered and Non-registered Savings Plans	B and C	\$1,000
	G,	\$10,000
	D, E, and H	\$250,000
Registered Retirement Income Funds	B, C, and G	\$10,000
	D, E, and H	\$250,000

There is a minimum initial deposit requirement of \$500 per Fund in a Fund Class.

Additional deposits must be at least \$500 per Fund in a Fund Class and may be made at any time while your Contract is in force except for any limitations described in this Information Folder.

We reserve the right to:

- a) refuse deposits;
 - b) limit the amount of deposits to a Fund; and
 - c) limit the number of Contracts owned by you,
- in accordance with our rules.

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 The Empire Life Insurance Company or, if your Contract is in a Nominee or Intermediary name, to a third party in trust. All payments must be made in Canadian dollars. If your cheque is returned for any reason we reserve the right to charge you a fee to cover our expenses.

We will apply your deposit 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 10.3 Valuation Date and Fund Class Unit Values).

3.2 Pre-Authorized Chequing

Pre-Authorized Chequing (“PAC”) is an automatic monthly deposit to your Contract. The deposit is applied towards the purchase of Fund Class Units in the Fund(s) you have selected. The minimum deposit amount for PAC is \$100 per Fund in a Fund Class. The PAC will be for the same amount each month and automatically deducted from your bank account on any date from the 1st to the 28th of the month, as selected by you.

We have the right to cancel your PAC at any time. If your PAC is returned as Non-sufficient Funds, we may attempt to make the withdrawal from your bank account a second time. We reserve the right to charge a fee to cover our expenses.

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

You may, by providing notice to us and while your Contract is in force, request a withdrawal on an unscheduled or scheduled basis. You must indicate in your notice to us the Fund(s) you wish to withdraw Fund Class Units from.

A withdrawal of some or all of the market value of your Contract must take place on or before the Maturity Date of your Contract. The Contract will automatically terminate when all Fund Class Units of all Funds have been withdrawn (except during the Guaranteed Payment Phase for Class Plus (See Section 7.12 Guaranteed Payment Phase)).

Any applicable withdrawal fees and withholding taxes payable will be deducted from the amount withdrawn (See Section 8.2.2 Back-End Load Options). The minimum withdrawal amounts are calculated before withdrawal fees and withhold-

ing taxes are deducted. If the market value of the Fund Class Units on a Valuation Date (See Section 10.3 Valuation Date and Fund Class Unit Value) is not sufficient for us to make the requested withdrawal, we will make the withdrawal according to our rules.

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

Withdrawals will proportionately reduce the previously established Maturity and Death Benefit Guarantees (See Section 6.4 Maturity Benefit Guarantee and 6.9 Death Benefit Guarantee).

Withdrawals may result in a gain or a loss since they create a taxable disposition or may be subject to withholding taxes (See Section 9 Taxation).

The market value of Fund Class Units cancelled in accordance with a withdrawal is not guaranteed but will fluctuate with the market value of the assets of the Fund.

4.2 Unscheduled Withdrawals

An unscheduled withdrawal is a one-time withdrawal that you may request by providing notice to us. The minimum unscheduled withdrawal amount is currently \$250 per Fund in a Fund Class.

4.3 Scheduled Withdrawals

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. Scheduled withdrawals may be on a monthly, quarterly, semi-annual, or annual basis. 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.

You may, by providing notice to us, request that scheduled withdrawals be made if your Contract is a Non-registered Savings Plan or a Registered Retirement Income Fund. Scheduled withdrawals from a Non-registered Savings Plan are available under our Systematic Withdrawal Plan. If your Contract is a Registered Retirement Income Fund scheduled withdrawals will be referred to as retirement income payments.

4.3.1 Systematic Withdrawal Plan (“SWP”)

The minimum withdrawal amount for a SWP is \$250 per Fund in a Fund Class. 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 subject to our rules and any regulatory restrictions in effect.

4.3.2 Retirement Income Payment Options

Minimum

If your Contract is a Registered Retirement Income Fund, 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.

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, at the end of that calendar year to meet the required minimum amount.

Maximum

For LIFs 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 Back-End Load Option (Deferred Sales Charge Option or Low-Load Option), withdrawal fees apply to any withdrawals that occur before the end of the withdrawal fee schedule (See Section 8.2.2 Back-End Load Options). However, a withdrawal of some of the market value of Fund Class Units at the credit of your Contract each calendar year up to specified limits will not be charged a withdrawal fee.

The free withdrawal limit is calculated for each Fund in a Fund Class as: a) a percentage of the market value of the Fund Class Units purchased under the Back-End Load Option at the credit of your Contract on December 31st of the previous calendar year; plus b) a percentage of any deposits made in the current calendar year. The free withdrawal limits are specified in the following chart:

Plan Type	% of market value of Fund Class Units as of December 31 ST of previous Year*	% of deposits made in current year*
Non-registered and Registered Savings Plans	10%	10%
Registered Retirement Income Funds	20%	20%

*Only applies to Fund Class Units purchased under the Back-End Load Option.

We reserve the right 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 will be determined each calendar year and cannot be carried over to the next calendar year.

The market value of Fund Class Units cancelled in accordance with a withdrawal is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

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 the Fund Class Units at the credit of your Contract for each Fund Class must meet the following minimum balance requirements:

Fund Class	Minimum Balance Requirements
B	\$500
C	\$500
D	\$250,000
E	\$250,000
G	\$500
H	\$250,000

The higher minimum balance requirements for Fund Classes D, E and H compared to Fund Classes B, C and G respectively result in lower Management Fees for the Funds in that Fund Class (See Section 11.6.1 Management Fee).

If the minimum balance requirement for Fund Classes B, C and G (except during the Guaranteed Payment Phase for Class G, if applicable) are not met we reserve the right to terminate your Contract and pay the market value, less any applicable withdrawal fees and withholding taxes, of the Fund Class Units at the credit of your Contract to you.

If the minimum balance requirement for Fund Classes D and E is not met we reserve the right to transfer the market value of the Fund Class Units at the credit of your Contract into a new Contract and apply the value towards the purchase of Fund Class B and C Units respectively. The existing Fund allocations will remain the same. We will provide notice to you prior to the transfer.

If the minimum balance requirement for Fund Class H is not met as a result of an Excess Withdrawal (See Section 7.4 Withdrawals) we reserve the right to transfer the remaining market value of the Fund Class Units at the credit of your Contract into a new Contract and apply the value towards the purchase of Fund Class G Units. The existing Fund allocations will remain the same. We will provide notice to you prior to the transfer.

The Maturity Benefit, Death Benefit, and GMWB (if applicable) Guarantees will not be preserved for a new Contract that has commenced as a result of not meeting a minimum balance requirement. The Guarantees will be recalculated based on the value transferred being treated as the initial deposit to the new Contract.

5. SWITCHES

5.1 General Information

A switch shall mean 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.

You may, by providing notice to us, request to switch:

- between Funds in the same Fund Class;
- between Funds in different Fund Classes as per the rules identified in the chart below

Switch From Fund Class	Switch to Fund Class
B	G
C	B, G
D	H
E	D, H

Switches are not allowed between Funds purchased with different Purchase Fee Options. (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 a Non-registered Savings Plan, 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 \$250. We reserve the right to refuse a switch request that would result in the market value of the Fund Class Units in a Fund falling below the minimum balance requirements (See Section 4.5 Minimum Balance Requirements).

We currently allow five (5) free unscheduled switches per calendar year subject to the excessive short-term trading rules.

Switches between Fund Classes should be considered carefully since the guarantees could be affected.

5.1.1 Scheduled Switches

You may, by providing notice to us, make scheduled switches on a monthly basis on any date between the 1st and the 28th as selected by you. 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 according to 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 Funds.

6. MATURITY AND DEATH BENEFITS

6.1 General Information

Your Contract provides guarantees at Maturity and Death. Guarantees are evaluated separately for each Fund Class. Fund Classes offer different levels of guarantees, as outlined in this section.

On the Maturity Date, if the Maturity Benefit Guarantee for a Fund Class is higher than the current market value of a Fund Class, we will increase the market value of the Fund Class to equal the Maturity Benefit Guarantee.

On the Death Benefit Date, if the Death Benefit Guarantee for a Fund Class is higher than the current market value of a Fund Class, we will increase the market value of the Fund Class to equal the Death Benefit Guarantee.

Any increase in the market value of the Fund Class Units at the credit of your Contract for a Fund Class as a result of a Maturity or Death Benefit Guarantee will be deposited to a Money Market Fund. This deposit is known as a “top up.” Any applicable top up payments will be provided from the general funds of the Company. There are no sales charges or withdrawal fees applicable to a top up.

The market value of Fund Class Units at the credit of your Contract is not guaranteed but will fluctuate with the value of the underlying assets.

6.2 Maturity Date

You can select a Maturity Date for your Contract on the Application provided you are not investing in Class Plus Funds. The Maturity Date selected must be at least ten (10) years from the effective date of your Contract. If you do not select a Maturity Date on the Application, or if you are investing in Class Plus Funds, we will automatically set it to be December 31st of the year the Annuitant turns 120 years old.

If you originally invested in a Fund Class other than Fund Class G or H, and later make a deposit to Fund Class G or H, the Maturity Date will be changed to December 31st of the year the Annuitant turns 120 years old.

You may, by providing notice to us, request to change the Maturity Date of your Contract. All of the following conditions must apply in order for the request to be processed:

- a) if you are not currently invested in Class Plus Funds;
- b) if you have invested in Fund Class C or Fund Class E, the new Maturity Date must be at least fifteen (15) years from the date we receive your request;
- c) if you have only invested in one Fund Class and such Fund Class is B, D or F then the new Maturity Date must be at least ten (10) years from the date we receive your request; and
- d) the current Maturity Benefit Guarantee for each Fund Class you have invested in, must be less than the market value of the Fund Class at the credit of your Contract as of the date we receive your request.

A change to the Maturity Date of your Contract will not affect the Maturity and Death Benefit Guarantees.

6.3 Maturity Benefit

On the Maturity Date we will determine a Maturity Benefit for each Fund Class. The Maturity Benefit for each Fund Class is equal to the greater of:

- a) the market value of a Fund Class at the credit of your Contract, less any applicable withdrawal fees; and
- b) the most recently established Maturity Benefit Guarantee for that Fund Class.

If b) is greater than a) the top up will be deposited to the Money Market Fund of that Fund Class.

The Maturity Benefit will be applied to a Maturity Option and will result in the termination of your Contract.

6.4 Maturity Benefit Guarantee

The Maturity Benefit Guarantee is determined separately for each Fund Class.

For Fund Classes B, D, F, G and H the Maturity Benefit Guarantee will be 75% of the sum of the deposits to the applicable Fund Class.

For Fund Classes C and E the Maturity Benefit Guarantee will be 100% of the sum of the deposits made to the applicable Fund Class when there is at least 15 years to the Maturity Date at the date of deposit plus 75% of the sum of the deposits made to the applicable Fund Class when there is less than 15 years to the Maturity Date at the date of deposit.

The Maturity Benefit Guarantee will be reduced proportionately for any withdrawals except as noted below.

The Maturity Benefit Guarantee for Class Plus Funds will not decrease as a result of a withdrawal to pay the Class Plus Fee (See Section 7.14 Class Plus Fee).

6.5 Maturity Options

We will send notice to you of your Maturity Options prior to the Maturity Date of your Contract.

The Maturity Benefit will be applied to one of the following Maturity Options as selected by you:

- a) provide an annuity payable in equal monthly instalments commencing one month after the Maturity Date. The annuity will be payable to you for a period of ten (10) years certain and monthly thereafter for as long as you shall live. The amount of each monthly instalment will be the greater of:
 - 1) the amount determined based on our annuity rates in effect at that time; or
 - 2) \$1.00 per \$1,000 of the Maturity Benefit;

- b) pay the Maturity Benefit to you as a lump sum payment;
- c) any other Maturity Benefit Option which we may offer at the Maturity Date.

If, on the Maturity Date, you have not selected a Maturity Option as described above we will automatically:

- 1) apply option a) as described above if your Contract is a Non-registered Savings Plan or a Registered Retirement Income Fund. Locked-in funds will be applied in accordance with the applicable pension legislation; or
- 2) exchange your Contract for a Registered Retirement Income Fund if your Contract is a Registered Retirement Savings Plan.

6.6 RRSP to RRIF Conversion

If your plan is a Registered Retirement Savings Plan you may convert at any time prior to the Maturity Date to a Registered Retirement Income Fund within the Contract or an equivalent Contract that we may offer at that time. In this event:

- a) the Fund Class Units at the credit of your Contract will be transferred to the same Fund Class Units of the RRIF Plan;
- b) the retirement income payments will be based on the minimum payments required under the Income Tax Act and subject to our rules;
- c) the beneficiary of the RRIF Contract will remain the same as the beneficiary of the RRSP unless we are notified otherwise;
- d) the Maturity Date will remain the same;
- e) the Maturity Benefit, Death Benefit, and Guaranteed Minimum Withdrawal Benefit Guarantees will not be affected; and
- f) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

Unless you indicate otherwise, we will convert your RRSP or Spousal or Common-law partner RRSP Contract to a RRIF or Spousal or Common-law partner RRIF if your Contract is still in force on December 31st of the year you attain the maximum age for owning an RRSP. If you have a LIRA or LRSP Contract, your Contract will be converted to a LIF, LRIF, PRIF or other locked-in plan, subject to the requirements of the applicable pension legislation.

6.7 Death Benefit Date

The Death Benefit Date will be the Valuation Date we receive sufficient notification of the death of the Annuitant(s) as per our rules. On the Death Benefit Date the market value of all Funds in a Fund Class at the credit of your Contract will be switched to the Money Market Fund of that Fund Class.

6.8 Death Benefit

We will pay a Death Benefit upon 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 for each Fund Class will be determined effective the Death Benefit Date and will be equal to the greater of:

- a) the market value of a Fund Class at the credit of your Contract; and
- b) the Death Benefit Guarantee for that Fund Class.

If b) is greater than a) the top up will be deposited to the Money Market Fund of that Fund Class.

Upon receipt of sufficient proof of the Annuitant(s) death and of the claimant's right to the proceeds, we will pay in one lump sum to the beneficiary the market value of your Contract.

There are no withdrawal fees applicable to the Death Benefit. Payment of the Death Benefit will result in termination of your Contract.

6.9 Death Benefit Guarantee

The Death Benefit Guarantee is determined separately for each Fund Class.

The Death Benefit Guarantee for Fund Classes B, C, D, E, G and H will be 100% of the sum of the deposits made to the applicable Fund Class.

The Death Benefit Guarantee for Fund Class F will be 75% of the sum of the deposits made to that Fund Class.

The Death Benefit Guarantee will be reduced proportionately for any withdrawals except as noted below.

The Death Benefit Guarantee for the Class Plus Series will not decrease as a result of a withdrawal to pay the GMWB Fee (See Section 7.14 GMWB Fee).

6.10 Contract Continuance on Death

6.10.1 Non-Registered Contracts

Your non-registered Contract may continue following your death by making certain elections prior to death. Otherwise the Contract will terminate upon the death of the last Annuitant.

6.10.2 Joint or Successor Owner

Joint owners shall be deemed to hold the contract as joint owners with right of survivorship (unless we are notified otherwise), except in Québec. If all Contract Owners predecease the Annuitant the Successor Owner will become the Contract Owner. However, in Québec, or if the policy is jointly owned without right of survivorship, the Successor Owner/Subrogated Policyholder will become the Contract Owner if the applicable Contract Owner dies. If there is no Successor Owner named, the Annuitant will become the Contract Owner. These transfers in ownership described above occur without your Contract passing through your estate.

Note: Under current taxation rules, if the Successor Owner 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.

6.10.3 Successor Annuitant

If your Contract is a Non-registered Savings Plan you may appoint a Successor Annuitant at any time prior to the death of the primary Annuitant. Upon the death of the primary Annuitant, the Successor Annuitant will automatically become the primary Annuitant and the Contract will continue with no Death Benefit payable at that time. You may remove a previously appointed Successor Annuitant at any time.

6.10.4 Registered Contracts

Joint or Successor Owners are not available for Registered Savings Plans.

If your Plan is a RRIF and you have named your Spouse or Common-law partner as Successor Annuitant, your Spouse or Common-law partner will automatically become the Annuitant and Contract Owner upon your death. The retirement income payments will continue to your Spouse or Common-law partner. The Contract will continue and no Death Benefit is payable.

If you have named an irrevocable beneficiary, your Spouse or Common-law partner will not be able to change the beneficiary designation without the irrevocable beneficiary's consent.

The market value of Fund Class Units at the credit of your Contract are not guaranteed and will fluctuate with the value of the assets of the Fund(s).

6.11 Resetting the Maturity and Death Benefit Guarantees

Resets give you the opportunity to increase the Maturity and Death Benefit Guarantees (these guarantees) following increases in the market value of a Fund Class at the credit of your Contract (See Section 10.2 Market Value of your Contract). Wherever used “these guarantees” refer to the guarantees described in this section only.

For Fund Classes B, C, D, E, and F, you may reset these guarantees twice per calendar year provided there is at least ten (10) years to the Maturity Date of your Contract. If your request to reset these guarantees is received by us prior to the cut-off time, that Valuation Date will be used to calculate the market value of a Fund Class at the credit of your Contract. Reset requests received after the cut-off time will be processed using the market value of a Fund Class at the credit of your Contract effective the next Valuation Date.

For Class Plus Funds, the Death Benefit Guarantee is reset automatically commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter prior to the Annuitant’s 80th birthday. If the Class Plus

Anniversary Date (or the Annuitant’s 80th birthday) is not a Valuation Date, then the most recent Valuation Date prior to the Class Plus Anniversary Date (or the Annuitant’s 80th birthday) will be used for calculation purposes.

For Class Plus Funds, there are no resets allowed on the Maturity Benefit Guarantee.

The new Maturity Benefit Guarantee and Death Benefit Guarantee for a Fund Class will be determined as if a complete withdrawal and a redeposit of the market value of a Fund Class at the credit of your Contract had occurred. If the new Maturity Benefit Guarantee is greater than the current Maturity Benefit Guarantee then the Maturity Benefit Guarantee will be increased to equal the new Maturity Benefit Guarantee otherwise it will remain unchanged. If the new Death Benefit Guarantee is greater than the current Death Benefit Guarantee then the Death Benefit Guarantee will be increased to equal the new Death Benefit Guarantee, otherwise it will remain unchanged.

We reserve the right to refuse a reset request, or to change the reset features, according to our rules. We also reserve the right to remove this feature at any time. We will provide notice to you 60 days prior to the cancellation of this reset feature.

Example – Fund Class B – 75% Maturity Benefit Guarantee – 100% Death Benefit Guarantee

Date	Transaction	Amount	Death Benefit Guarantee	Maturity Benefit Guarantee	Market Value of Fund Class Units*	Years to Maturity
Jan 01-2006	Deposit	\$100,000	\$100,000	\$75,000 (75% of \$100,000)	\$100,000	15
Jan 01-2007	Deposit	\$100,000	\$200,000	\$150,000 (\$75,000 plus 75% of \$100,000)	\$180,000	14
Jan 01-2008	Reset Request Received	N/A	\$210,000 (greater of \$200,000 or \$210,000)	\$157,500 (greater of \$150,000 and 75% of \$210,000)	\$210,000	13

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

6.12 Switches and the Guarantees

Switches between Funds within the same Fund Class will not affect the Maturity and Death Benefit Guarantees.

Switches between Fund Classes will be treated as a withdrawal from one Fund Class and a deposit to another Fund Class for purposes of the Maturity Benefit Guarantee.

For purposes of the Death Benefit Guarantee, switches between Fund Classes will be treated as follows:

- a) the funds being switched out of a Fund Class will be considered a withdrawal and the Death Benefit Guarantee for that Fund Class will be reduced proportionately;
- b) the Death Benefit Guarantee for the Fund Class that the funds are being switched to will be increased by the amount that the Death Benefit Guarantee in a) was reduced.

Example – Fund Switch from Fund Class C to Fund Class B
– Maturity and Death Benefit Guarantees

Prior to the Switch	Fund Class C	Fund Class B
Total Deposits	\$10,000	\$50,000
Market Value of Fund Class Units	\$16,000	\$60,000
Death Benefit Guarantee	\$10,000	\$50,000
Maturity Benefit Guarantee	\$10,000	\$37,500 (75% of \$50,000)
After switch has been processed		
Amount Switched from Fund Class C to Fund Class B	-\$4,000	\$4,000
Proportionate Reduction	25% (0.25) (\$4,000/\$16,000)	
Death Benefit Guarantee	\$7,500 (\$10,000*(1-.25))	\$52,500 (\$50,000 + \$2,500)
Change to Death Benefit Guarantee	-\$2,500	+\$2,500
Maturity Benefit Guarantee	\$7,500 (\$10,000*(1-.25))	\$40,500 (\$37,500 + (.75*\$4,000))

6.13 Withdrawals and the Guarantees

Whenever the term “reduced proportionately” is used throughout the Information Folder and Policy Provisions it means we will calculate a proportionate reduction based on the market value of a Fund Class at the credit of your Contract at the time of the transaction.

Example: Your deposit of \$16,000 is applied towards the purchase of Fund Class B Units, which have a current market value of \$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 will be 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. THE GUARANTEED MINIMUM WITHDRAWAL BENEFIT - CLASS PLUS

The Guaranteed Minimum Withdrawal Benefit is a feature available on Class Plus that provides guaranteed payments to you annually regardless of the investment performance of the Fund Class Units in Class Plus that you have invested in, subject to the terms and conditions contained in this Information Folder.

7.1 Definitions

The following are definitions for some of the key terms used throughout this document to describe the Guaranteed Minimum Withdrawal Benefit. The definitions provided will have the same meaning throughout the Information Folder and the Policy Provisions.

“**Bonus Base**” shall mean the amount used to calculate the Income Base Bonus at the end of the calendar year for Class Plus;

“**Bonus Base Reset**” shall mean an increase to the Bonus Base for Class Plus to equal the market value of the Class Plus Funds, if the market value of the Class Plus Funds at the credit of your Contract is greater than the Bonus Base. Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter for the first 15 calendar years following the initial deposit to Class Plus, a Bonus Base Reset will occur;

“**Class Plus Anniversary Date**” shall mean the Valuation Date of the initial deposit to Class Plus and every year thereafter;

“**Class Plus Income Base Reset**” shall mean an increase to the Income Base for Class Plus to equal the market value of the Class Plus Funds, if the market value of the Class Plus Funds at the credit of your Contract is greater than the Income Base. Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter a Class Plus Income Base Reset will occur;

“**Excess Withdrawal**” shall occur when total withdrawals from Class Plus in a calendar year exceed the greater of the Lifetime Withdrawal Amount or the Maximum Withdrawal Allowance;

“**Guaranteed Minimum Withdrawal Benefit (GMWB)**” shall mean the feature of Class Plus that provides for withdrawals over the life of the Contract provided annual withdrawal maximums are not exceeded and the Annuitant has met the age eligibility requirement;

“**GMWB Guarantees**” shall mean a guarantee that withdrawals will continue for the life of the Annuitant as long as they do not exceed an annual maximum amount and provided the Annuitant has met age eligibility;

“**Guaranteed Payment Phase**” shall mean the period of time that withdrawals up to an annual maximum withdrawal can occur from Class Plus when the market value of the Class Plus Funds at the credit of your Contract equals \$0, subject to specified conditions;

“**Income Base**” shall mean the value that is the basis for determining the Maximum Withdrawal Allowance and the Lifetime Withdrawal Amount each calendar year for Class Plus;

“**Income Base Bonus**” shall mean an amount added to the Income Base at the end of each of the first 15 calendar years following the initial deposit to Class Plus during which no withdrawals are made for that year from Class Plus;

“**Income Base Downward Adjustment**” shall mean a potential reduction to the Income Base that occurs immediately following an Excess Withdrawal from Class Plus;

“**Lifetime Withdrawal Amount (LWA)**” shall mean the maximum amount guaranteed to be available each calendar year for withdrawals from Class Plus for the life of the Annuitant, provided the Annuitant is 65 years or older and an Excess Withdrawal does not occur;

“**Maximum Withdrawal Allowance**” shall mean the maximum withdrawal amount, for Annuitants less than 65 years of age, that will be available from Class Plus for a calendar year without being considered an Excess Withdrawal.

7.2 General Information

All information in this section is specific to Class Plus and is in addition to the information in other sections throughout the Information Folder.

7.3 Deposits

In this section, any reference to deposits to Class Plus will include Switches from another Fund Class to Class Plus.

When you make your initial deposit to Class Plus:

- 1) the Class Plus Anniversary Date will be the Valuation Date of the initial deposit. If the date of the initial deposit is February 29th, March 1st will be the Class Plus Anniversary Date; and

- 2) the Maturity Date of your Contract will be set to (or changed to) December 31st of the year the Annuitant turns 120 years old.

Note that the Maturity Date applies to all Fund Classes in your Contract.

No deposits can be made:

- a) during the Guaranteed Payment Phase (See Section 7.12 Guaranteed Payment Phase); and
- b) after December 31st of the year the Annuitant turns 80 years old.

Example – Change to Maturity Date as a result of Initial Deposit to Class Plus

Initial Deposit of \$100,000 to Fund Class C

Deposit Date is January 1, 2010

Annuitant's age is 50

Maturity Date is chosen to be January 1, 2025

On January 1, 2011 Contract Owner switches \$20,000 to Fund Class G

Maturity Date is automatically changed to be December 31, 2080

7.4 Withdrawals

7.4.1 General Information

The LWA is the maximum amount that can be withdrawn each year beginning in the calendar year after the Annuitant turns 65 years old or later, without it being considered an Excess Withdrawal (See Section 7.7 Lifetime Withdrawal Amount and Maximum Withdrawal Allowance).

The Maximum Withdrawal Allowance is the maximum amount that can be withdrawn each year for calendar years up to and including the year the Annuitant turns 65, without it being considered an Excess Withdrawal.

The LWA and the Maximum Withdrawal Allowance are determined each calendar year.

If you make withdrawals in excess of your LWA or Maximum Withdrawal Allowance, it may significantly reduce or eliminate the value of the GMWB as a result of applying an Income Base Downward Adjustment.

If total withdrawals from Class Plus are less than the Maximum Withdrawal Allowance or the LWA for the current calendar year, the remainder will not be added to your Maximum Withdrawal Allowance or LWA for the next calendar year.

7.4.2 Impact of RRIF Minimum

For RRIF, LIF, LRIF, and PRIF Contracts there are certain situations where we will increase the maximum guaranteed payment available for a calendar year without it being considered an Excess Withdrawal:

- a) if 100% of the market value of your Contract is in ClassPlus, the RRIF minimum amount will be calculated in accordance with the Income Tax Act, and if it is higher than the greater of the Maximum Withdrawal Allowance and the LWA for a calendar year, your withdrawals up to the RRIF minimum amount will not be considered an Excess Withdrawal (See Section 7.7 Lifetime Withdrawal Amount and Maximum Withdrawal Allowance).
- b) if some, but not all, of the market value of your Contract is in Class Plus, we will calculate an adjusted GMWB RRIF

minimum amount. The adjusted GMWB RRIF minimum amount uses the RRIF minimum amount calculated in accordance with the Income Tax Act and pro-rates it based on the market value of the Class Plus Funds at the credit of your Contract on December 31st of the previous calendar year as a portion of the total market value of your Contract. If the adjusted GMWB RRIF minimum amount is higher than the greater of the Maximum Withdrawal Allowance and the LWA for a calendar year, your withdrawals up to the adjusted GMWB RRIF minimum amount from Class Plus will not be considered an Excess Withdrawal

If the RRIF minimum amount is to be based on the spouse's age, we reserve the right to restrict the use of the spouse's age for the purposes of determining the maximum guaranteed payment available for a calendar year as outlined above.

Example – Adjusted GMWB RRIF Minimum Amount

Date	Market Value of your Contract*	Market Value of the Class Plus *	RRIF Minimum Amount for Calendar Year 2008	Adjusted GMWB RRIF Minimum Amount for Calendar Year 2008
Dec 31-2007	\$100,000	\$60,000	\$4,000 (\$100,000 x4%)**	\$2,400 (\$4,000x(\$60,000/\$100,000))

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

**Assumption" RRIF minimum percentage is 4%

7.4.3 Impact of LIF/LRIF Maximum

For Class Plus, if the LWA or the Maximum Withdrawal Allowance are higher than your LIF/LRIF maximum income amount for a calendar year, you will only be able to withdraw up to your LIF/LRIF maximum income amount.

If the LWA or the Maximum Withdrawal Allowance are lower than your LIF/LRIF maximum income amount for a calendar year, you will be able to withdraw up to the greater of the LWA or the Maximum Withdrawal Allowance without it being considered an Excess Withdrawal.

7.4.4 Allowances made for Contracts Registered as a Self-Directed RRIF (LIF/LRIF/PRIF)

A Contract held externally as part of a self-directed RRIF, is administered as a non-registered Contract with Empire Life. For these Contracts, the Trustee of the self-directed RRIF is required to make payments to you, as beneficial owner, of at least the RRIF minimum amount. Where the Trustee has notified us that the Contract is held in a self-directed RRIF, we will allow for withdrawals up to a notional RRIF minimum amount or notional adjusted GMWB RRIF minimum amount from Class Plus without it being considered an Excess Withdrawal.

At the end of each calendar year, we will calculate a notional RRIF Minimum Amount or a notional adjusted GMWB RRIF minimum amount that will apply for the following calendar year. The calculation of the notional amounts will:

- a) take into consideration only the market value of your Contract excluding other investments held within the self-directed RRIF; and
- b) be based on your date of birth, as the beneficial owner of the self-directed RRIF unless notified otherwise by the Trustee.

We reserve the right to restrict the use of the spouse's age in calculating the notional RRIF minimum amount for the purposes of determining the allowances made above for Contracts with legislated minimums.

7.5 Switches

No switches are allowed from Class Plus Funds to Funds in other Fund Classes.

Refer to Section 5.1 to determine which Fund Classes allow switches to Class Plus Funds.

7.6 Income Base

The initial Income Base is set to equal the initial deposit to Class Plus.

The Income Base will increase or decrease as follows:

- a) the Income Base increases by any subsequent deposits to Class Plus;
- b) the Income Base may increase on the last Valuation Date of each calendar year (for the first 15 calendar years) by any Income Base Bonus (See Section 7.11 Income Base Bonus);
- c) the Income Base may increase on every third Class Plus Anniversary Date as a result of a Class Plus Income Base Reset (See Section 7.9 Class Plus Income Base Reset);
- d) the Income Base decreases by any withdrawals from Class Plus; and
- e) the Income Base may decrease additionally for withdrawals that Exceed the LWA or the Maximum Withdrawal Allowance (See Section 7.8 Effect of Excess Withdrawals).

Example – the impact of deposits to the Income Base

Date	Transaction	Amount	Income Base Before Transaction	Income Base After Transaction
Feb 01-2008	Initial Deposit to Fund Class G	\$80,000	\$0	\$80,000
May 11-2008	Additional Deposit to Fund Class G	\$30,000	\$80,000	\$110,000
Jun 15-2008	Switch from Fund Class B to Fund Class G	\$15,000	\$110,000	\$125,000

Example – the impact of withdrawals to the Income Base (not exceeding the LWA)

Date	Transaction	Amount	Income Base Before Transaction	Income Base After Transaction
Feb 01-2008	Initial Deposit to Fund Class G	\$200,000	\$0	\$200,000
Jun 23-2008	Withdrawal (not exceeding the LWA)	\$5,000	\$200,000	\$195,000
Oct 25-2008	Withdrawal (not exceeding the LWA)	\$1,000	\$195,000	\$194,000

7.7 Lifetime Withdrawal Amount (LWA) and Maximum Withdrawal Allowance

Upon receipt of the initial deposit, the LWA is set to equal 5% of the Income Base and the Maximum Withdrawal Allowance is set to equal \$0 if the Annuitant is 65 or older as of December 31st of the previous calendar year. If the Annuitant is less than 65 as of December 31st of the previous calendar year, the Maximum Withdrawal Allowance is set to equal 5% of the Income Base and the LWA is set to equal \$0.

If the Annuitant is 65 or older, we will calculate the LWA each December 31st for the following calendar year. If the total withdrawals from Class Plus has not exceeded the LWA for the current calendar year, the LWA for the next calendar year will be the greater of:

- a) the LWA that has been in effect for the current calendar year; and
- b) 5% of the Income Base after all transactions have been processed.

If total withdrawals from Class Plus has not exceeded the LWA for the current calendar year, the remainder will not be added to your LWA for the next calendar year.

If total withdrawals from Class Plus have exceeded the LWA for the current calendar year, the LWA for the next calendar year will be 5% of the Income Base after all transactions have been processed.

The Maximum Withdrawal Allowance is recalculated each December 31st for the following calendar year and will equal 5% of the Income Base after all transactions have been processed provided the Annuitant is less than 65 as of December 31st. If the Annuitant is 65 or older as of December 31st, the Maximum Withdrawal Allowance is set to equal \$0.

If total withdrawals from Class Plus have not exceeded the Maximum Withdrawal Allowance for the current calendar year, the remainder will not be added to your Maximum Withdrawal Allowance for the next calendar year.

Example – calculation of the LWA (without Excess Withdrawals)

Assumes that Annuitant has reached the age of eligibility for the LWA at the time of the initial deposit.

Date	Transaction	Amount	Income Base (prior to transaction)	Bonus Base	Income Base Bonus*	Income Base (after transaction)	Current LWA	LWA for Next Year
May 01-2008	Initial Deposit to Class Plus	\$100,000	\$0	\$100,000	-----	\$100,000	\$5,000	-----
Dec 31-2008	Income Base Bonus		\$100,000	\$100,000	\$5,000	\$105,000	\$5,000	\$5,250 (\$105,000 x 5%)
Aug 21-2009	Additional Deposit to Class Plus	\$10,000	\$105,000	\$110,000	-----	\$115,000	\$5,250	-----
Dec 31- 2009	Income Base Bonus		\$115,000	\$110,000	\$5,500	\$120,500	\$5,250	\$6,025 (\$120,500 x 5%)

* See Section 7.11 Income Base Bonus

Example – calculation of the LWA (with Excess Withdrawals)

Assumes that Annuitant has reached the age of eligibility for the LWA at the time of the initial deposit.

Date	Transaction	Amount	Income Base (after transaction)	Market Value of Class Plus*	Current LWA	LWA for Next Year
May 01-2008	Initial Deposit to Class Plus	\$100,000	\$100,000	\$100,000	\$5,000	
Aug 01-2008	Withdrawal from Class Plus (Exceeded the LWA for 2008)	\$10,000	\$90,000	\$92,000	\$5,000	
Dec 31-2008	Recalculation of LWA		\$90,000	\$93,300	\$5,000	\$4,500 (5% of \$90,000)

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

7.8 Effect of Excess Withdrawals

An Excess Withdrawal is a withdrawal that results in cumulative withdrawals from Class Plus in a calendar year to exceed the greater of the LWA or Maximum Withdrawal Allowance for that calendar year. Once a withdrawal causes cumulative withdrawals in a calendar year to exceed the greater of your LWA or Maximum Withdrawal Allowance, the entire amount of that with-

drawal and each subsequent withdrawal in that calendar year are considered Excess Withdrawals.

If you make an Excess Withdrawal, we will immediately apply an Income Base Downward Adjustment by recalculating your Income Base to be the lesser of:

- the Income Base after the withdrawal has been processed; and
- the market value of the Class Plus Funds at the credit of your Contract after the withdrawal has been processed.

Example – Income Base Downward Adjustment

Date	Transaction	Amount	Cumulative Withdrawals for calendar year	LWA for calendar year	Income Base (prior to transaction)	Income Base (after transaction)	Market Value of Class Plus (after transaction)*
May 01-2008	Initial Deposit to Class Plus	\$100,000	\$0	\$5,000	\$0	\$100,000	\$100,000
Jul 11-2008	Withdrawal from Class Plus	\$4,000	\$4,000	\$5,000	\$100,000	\$96,000	\$96,700
Aug 21-2008	Withdrawal from Class Plus (Exceeded the LWA for 2008)	\$2,000	\$6,000	\$5,000	\$96,000	\$94,000 (lesser of \$94,000 and \$95,500)	\$95,500
Nov 2-2008	Withdrawal from Class Plus (Exceeded the LWA for 2008)	\$1,000	\$7,000	\$5,000	\$94,000	\$92,700 (lesser of \$92,700 and \$93,000)	\$92,700

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

7.9 Class Plus Income Base Reset

Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter, a Class Plus Income Base Reset will occur that may result in an increase to the Income Base. If the market value of the Class Plus Funds at the credit of your Contract is greater than the

Income Base, then the Income Base will be increased to equal the market value of the Class Plus Funds at the credit of your Contract, otherwise it will remain unchanged.

If the Class Plus Anniversary Date is not a Valuation Date, then the most recent Valuation Date prior to the Class Plus Anniversary Date will be used for calculation purposes.

Example – Class Plus Income Base Reset

Date	Transaction	Income Base (prior to transaction)	Class Plus Income Base Reset?	Market Value of the Class Plus*	Income Base (after transaction)
May 01-2008	Initial Deposit of \$100,000 to Class Plus	\$0	-----	\$100,000	\$100,000
Dec 31-2008	Income Base Bonus	\$100,000	-----	\$103,200	\$105,000
May 01-2009	Class Plus Anniversary Date #1	\$105,000	No	\$105,500	\$105,000
Dec 31-2009	Income Base Bonus	\$105,000	-----	\$111,400	\$110,000
May 01-2010	Class Plus Anniversary Date #2	\$110,000	No	\$112,800	\$110,000
Dec 31-2010	Income Base Bonus	\$110,000	-----	\$115,200	\$115,000
May 01-2011	Class Plus Anniversary Date #3	\$115,000	Yes	\$116,300	\$116,300

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

7.10 Resetting the Maturity and Death Benefit Guarantees for Class Plus

The Death Benefit Guarantee for Class Plus is reset automatically beginning on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date prior to the Annuitant's 80th birthday. The Death Benefit Guarantee is also reset automatically on the Annuitant's 80th birthday. If the Class Plus Anniversary Date (or the Annuitant's 80th birthday) is not a Valuation Date, then the most recent Valuation Date prior to the Class Plus Anniversary Date (or the Annuitant's 80th birthday) will be used for calculation purposes.

Refer to Section 6.11 Resetting the Maturity and Death Benefit Guarantees for the calculation in determining the Death Benefit Guarantee when a reset occurs.

For Class Plus, there are no resets allowed on the Maturity Benefit Guarantee.

7.11 Income Base Bonus

The Contract may be eligible for bonuses that will increase your Income Base during the first 15 calendar years following the initial deposit to Class Plus. This includes the calendar year of the initial deposit.

During the eligible years, if there are no withdrawals from Class Plus during the calendar year, then the Income Base will increase by an Income Base Bonus. The amount of the Income Base Bonus is equal to 5% of the current Bonus Base.

Income Base Bonuses are applied to the Income Base on the last Valuation Date of the calendar year after all transactions have been processed.

Income Base Bonuses do not affect the market value of the Class Plus Funds at the credit of your Contract.

The Bonus Base will be equal to the initial deposit to Class Plus. The Bonus Base will increase by the amount of any subsequent deposit to Class Plus. The Bonus Base will no longer apply after the first 15 calendar years following the initial deposit to Class Plus.

Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter, a Bonus Base Reset will occur. A Bonus Base Reset may result in an increase to the Bonus Base. If the market value of the Class Plus Funds at the credit of your Contract is greater than the Bonus Base, the Bonus Base will be increased to equal the market value of the Class Plus Funds at the credit of your Contract, otherwise it will remain unchanged.

If an Excess Withdrawal occurs and the market value of the Class Plus Funds at the credit of your Contract, determined immediately after the withdrawal, is less than the Bonus Base, then the Bonus Base will be decreased to equal the market value of the Class Plus Funds at the credit of your Contract, otherwise it will remain unchanged.

Example – Income Base Bonus applied to Class Plus

Date	Transaction	Amount	Bonus Base (after transaction)	Income Base Bonus	Income Base (after transaction)	Market Value*
May 01-2008	Initial Deposit to Class Plus	\$100,000	\$100,000	-----	\$100,000	\$100,000
Jul 11-2008	Additional Deposit to Class Plus	\$20,000	\$120,000	-----	\$120,000	\$120,947
Dec 31-2008	Income Base Bonus		\$120,000	\$6,000 (5% of \$120,000)	\$126,000	\$125,273
Dec 31-2009	Income Base Bonus		\$120,000	\$6,000 (5% of \$120,000)	\$132,000	\$133,100
Dec 31-2010	Income Base Bonus		\$120,000	\$6,000 (5% of \$120,000)	\$138,000	\$141,387
May 01, 2011	Bonus Base Reset		\$142,884 (greater of \$120,000 and \$142,884)		\$142,884 (greater of \$138,000 and \$142,884)	\$142,884
Dec 31-2011	Income Base Bonus		\$142,884	\$7,144 (5% of \$142,884)	\$150,028	\$148,232
Mar 3-2012	Excess Withdrawal	\$20,000	\$129,333 (lesser of \$142,884 and \$129,333)		\$129,333 (lesser of \$130,028 and \$129,333)	\$129,333
Sep 12-2012	Excess Withdrawal	\$1,000	\$129,333 (lesser of \$129,333 and \$130,001)		\$128,333 (lesser of \$128,333 and \$130,001)	\$130,001
Dec 31-2012	No Income Base Bonus		\$129,333	-----	\$128,333	\$132,987
Dec 31-2013	Income Base Bonus		\$129,333	\$6,467 (5% of \$129,333)	\$134,800	\$133,671

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

7.12 Guaranteed Payment Phase

If the market value of the Class Plus Funds at the credit of your Contract equals \$0 and the Income Base or LWA has a positive value, your Contract will not terminate, but it will move into the Guaranteed Payment Phase. Once in the Guaranteed Payment Phase, the Contract will continue to provide for annual payments to you as determined each calendar year, subject to the following withdrawal limits:

- a) if the Annuitant is less than 65 as of December 31st of the previous calendar year, up to the Maximum Withdrawal Allowance until the earliest of the following three events:
 - 1) the Income Base equals \$0;
 - 2) the Contract reaches the Maturity Date; or
 - 3) on the death of the Annuitant.
- b) if the Annuitant is 65 or older as of December 31st of the previous calendar year, up to the LWA for the life of the Annuitant.

No deposits can be made to Class Plus during the Guaranteed Payment Phase.

7.13 Successor Annuitant

Upon the death of the primary Annuitant, Contracts holding Fund Class Units in the Class Plus Funds will have the following occur if you have chosen a Successor Annuitant:

- a) a reset of the Death Benefit Guarantee will be performed on Class Plus if the Successor Annuitant is less than 80 years

of age (See Section 6.11 Resetting the Maturity and Death Benefit Guarantees);

- b) a Class Plus Income Base Reset will be performed;
- c) a Bonus Base Reset will be performed;
- d) the LWA will be changed to equal 5% of the Income Base immediately following b) above. This may result in the LWA increasing or decreasing or being set to equal \$0 if the Successor Annuitant is less than 65 as of December 31st of the previous calendar year;
- e) if the Successor Annuitant is 65 or older as of December 31st of the previous calendar year, cumulative withdrawals up to the LWA (as calculated for the primary Annuitant) will be available for the current calendar year without it being considered an Excess Withdrawal. This includes any withdrawals for the current calendar year received prior to the death of the primary Annuitant;
- f) if the Successor Annuitant is less than 65 as of December 31st of the previous calendar year, the LWA will be set to \$0 for the remainder of the current calendar year.

The process as outlined above will be applied even if the Contract is in the Guaranteed Payment Phase (See Section 7.12 Guaranteed Payment Phase).

Example - Successor Annuitant takes over Contract on Death of primary Annuitant
 John, age 70, the primary Annuitant, deposits \$100,000 into Class Plus and begins to take withdrawals of the LWA immediately.
 Mary, age 68, his wife, is the Successor Annuitant.

Date	Transaction	Amount	Market Value of Class Plus (after transaction) *	Income Base (after transaction)	Current LWA	Cumulative Withdrawals for Calendar Year	Death Benefit Guarantee **
Dec 1 - 2008	Initial Deposit	\$100,000	\$100,000	\$100,000	\$5,000	\$0	\$100,000
Dec 10 - 2008	Withdrawal from Class Plus	\$5,000	\$95,500	\$95,000	\$5,000	\$5,000	\$95,024.88
Dec 31-2008	Year-end		\$96,111	\$95,000	\$5,000	\$5,000	\$95,024.88
Oct 11-2009	Withdrawal from Class Plus	\$4,000	\$99,200	\$91,000	\$5,000	\$4,000	\$91,341.74
Nov 21-2009	Primary Annuitant dies		\$101,472	\$91,000	\$5,000	\$4,000	\$91,341.74
Nov 21-2009	Change of Primary Annuitant - Reset Occurs		\$101,472	\$101,472 (greater of \$91,000 and \$101,472)	5,073.60 (5% of \$101,472)	\$4,000	\$101,472

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

** Death Benefit Guarantees are reduced proportionately for any withdrawals

After John passes away, Mary is able to withdraw an additional \$1,000 for 2008 without exceeding the LWA of \$5,000 established on December 31, 2008. The LWA established on November 21, 2009 will be \$5,073.60 for 2010 provided that no Excess Withdrawals are made. At December 31, 2009 regular LWA recalculation will occur.

If, in the above example, Mary was 60 years old at the time of John's death, the LWA would be set to 0 on November 21, 2009 for the remainder of 2009. Any additional withdrawals in 2009 after November 21, 2009 would be considered Excess Withdrawals. At December 31, 2009 the Maximum Withdrawal Allowance would be calculated for 2010.

7.14 Class Plus Fee

The fee you pay for the GMWB, the Class Plus Fee, applicable to Class Plus is an insurance fee that is paid from the Contract. The Class Plus Fee is calculated annually on December 31st and is collected on the first Valuation Date of the calendar year following the date of calculation through a withdrawal of Fund Class Units from the Class Plus.

Withdrawals to pay the Class Plus Fee will not reduce the Maturity and Death Benefit Guarantees or the Income Base of the GMWB for Class Plus. Additionally, this withdrawal will not be included in determining if Excess Withdrawals have occurred during the calendar year (See Section 7.7 Lifetime Withdrawal Amount and Maximum Withdrawal Allowance).

During the Guaranteed Payment Phase, no Class Plus Fee will be charged.

7.14.1 Calculation of the Class Plus Fee

The amount of the Class Plus Fee is determined by the following factors:

- the Annual Fund Fee Rates for each Fund in Class Plus held in the Contract over the calendar year;
- the Income Base at the end of the calendar year;

- the duration of time each Class Plus Fund was held in the Contract over the calendar year (or portion of calendar year if a deposit was made to Class Plus during the calendar year); and
- the weighted-average length of time the Class Plus Funds were held in the Contract in the calendar year or portion of calendar year if the initial deposit to Class Plus was made during the calendar year

The Class Plus Fee is calculated based on the following formula:

$$\text{Class Plus Fee} = \text{IB} \times ((W_1 * R_1) + (W_2 * R_2) + (W_3 * R_3) + \dots + (W_x * R_x))$$

where:

IB = the Income Base on December 31st (after all transactions have been processed including any Income Base Bonus being applied or a Class Plus Income Base Reset)

W = Annualized proportional weighting of the market value of each Class Plus Fund over the calendar year (or portion of calendar year for deposits made to Class Plus during the calendar year).

R = Annual Fund Fee Rate for a Class Plus Fund

X = The number of Class Plus Funds held in the Contract during the calendar year. This includes Class Plus Funds no longer held, but held at some point during the calendar year.

7.14.2 Annual Fund Fee Rate

Each Class Plus Fund has an Annual Fund Fee Rate that is used in determining the Class Plus Fee.

The Annual Fund Fee Rate for each Fund currently available within Class Plus will be as shown in the following chart:

FUND	CLASS PLUS FEE	MAXIMUM CLASS PLUS FEE
Money Market Fund	0.25%	0.75%
Bond Fund	0.25%	0.75%
Income Fund	0.25%	0.75%
Conservative Portfolio Fund	0.35%	0.85%
Balanced Fund	0.55%	1.05%
Global Balanced Fund	0.55%	1.05%
Asset Allocation Fund	0.55%	1.05%
Balanced Portfolio Fund	0.55%	1.05%
Moderate Growth Portfolio Fund	0.55%	1.05%
Growth Portfolio Fund	0.75%	1.25%
Aggressive Growth Portfolio Fund	0.75%	1.25%

We may change the Annual Fund Fee Rate of a Fund by providing notice to you 60 days in advance. We will never increase the Annual Fund Fee Rate for a Fund above the maximum as shown in the chart (See Section 11.14 Fundamental Changes).

Example - Calculation of the Class Plus Fee

Assumptions:

- Income Base on December 31st is \$20,000
- Two Class Plus Funds were held in the Contract in the current calendar year
- Fund 1 was held for 12 months of the current calendar year
- Fund 2 was purchased in September of the current calendar year
- No change to the market value of Fund 1 and Fund 2 over the calendar year

Annualized Proportional Weighting of the Class Plus Funds

Month-end	Market Value for Fund 1*	Market Value for Fund 2*	Market Value of Class Plus*	Proportional Weighting per Month for Fund 1	Proportional Weighting per Month for Fund 2
January	\$10,000		\$10,000	1	0
February	\$10,000		\$10,000	1	0
March	\$10,000		\$10,000	1	0
April	\$10,000		\$10,000	1	0
May	\$10,000		\$10,000	1	0
June	\$10,000		\$10,000	1	0
July	\$10,000		\$10,000	1	0
August	\$10,000		\$10,000	1	0
September	\$10,000	\$10,000	\$20,000	0.5	0.5
October	\$10,000	\$10,000	\$20,000	0.5	0.5
November	\$10,000	\$10,000	\$20,000	0.5	0.5
December	\$10,000	\$10,000	\$20,000	0.5	0.5
Annualized Proportional Weighting				0.8333 (10.0/12)	0.1666 (2.0/12)

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

Annualized Proportional Weighting of the Class Plus Funds

Class Plus Funds	Income Base (IB)	Annualized Proportional Weighting of the Fund (W)	Annual Fund Fee Rate for a Fund (R)	Class Plus Fee
Fund 1	\$20,000	0.8333	0.25%	\$41.67
Fund 2	\$20,000	0.1666	0.75%	\$24.99
Total Class Plus Fee				\$66.66

7.14.3 Collection of the Class Plus Fee

Collection of the Class Plus Fee will occur on the first Valuation Date of the calendar year following the date of calculation of the Class Plus Fee.

We will only withdraw Fund Class Units from Class Plus Funds to pay the Class Plus Fee.

The allocation of Fund Class Units being withdrawn for the purposes of paying the Class Plus Fee is based on the proportional market value of Fund Class Units at the credit of your Contract for each Fund in Class Plus held on the date of collection.

The following formula will apply when withdrawing Fund Class Units for payment of the Class Plus Fee:

Class Plus Fee = $F_1 + F_2 + F_3 + \dots + F_n$

Where:
 $F_1 = \text{Class Plus Fee} * (M_1/V)$, $F_2 = \text{Class Plus Fee} * (M_2/V)$,
 $F_3 = \text{Class Plus Fee} * (M_3/V)$,..... $F_n = \text{Class Plus Fee} * (M_n/V)$
F = Net amount to be withdrawn from each Class Plus Fund
M = The market value of Fund Class Units at the credit of your Contract for each Class Plus Fund held on the date of collection of the Class Plus Fee.
V = The market value of the Class Plus Funds at the credit of your Contract on the day the Class Plus Fee is collected.
n = The number of Class Plus Funds held in the Contract on the day the Class Plus Fee is collected

Example - Collection of the Class Plus Fee

Assumptions:

- Class Plus Fee of \$66.66
- Two Class Plus Funds held on the date of collection of the Class Plus Fee
- Annual Fund Fee Rate is 0.25% for Fund 1 and 0.75% for Fund 2

Annualized Proportional Weighting of the Class Plus Funds

Class Plus Funds	Market Value on Collection Date (M)*	Proportional Weighting of the Fund (M/V)	Total Class Plus Fee	Class Plus Fee
Fund 1	\$12,000	0.60 (\$12,000/\$20,000)	\$66.66	\$40.00 (F1)
Fund 2	\$8,000	0.40 (\$8,000/\$20,000)	\$66.66	\$26.66 (F2)
Total	\$20,000 (V)	1.00		\$66.66

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

7.15 Taxation of the GMWB

The taxation of the benefits associated with the GMWB is not certain at this time.

7.15.1 Non-registered Savings Plans

The Class Plus Fee is an expense to you. We recommend that you contact your tax advisor regarding the tax deductibility of this Fee. The withdrawal of Fund Class Units to pay the Class Plus Fee will result in a taxable disposition and will create capital gains or capital losses that will be reported to you. GST is not applicable to the Class Plus Fee.

The taxation of any payments made from Class Plus during the Guaranteed Payment Phase is not certain at this time.

We will report any payments during the Guaranteed Payment Phase based on our understanding of tax legislation and CRA assessing practices at that time.

7.15.2 Registered Contracts

The amount of any payments made from Class Plus during the Guaranteed Payment Phase will be taxable to you when withdrawn from the Contract.

At this time, the Class Plus Fee is considered an expense of the registered plan that pays for the contractual benefits associated with deposits to the Class Plus. The withdrawal of Fund Class Units to pay the Class Plus Fee will not be subject to withholding taxes and will not be reported as income to you. GST is not applicable to the Class Plus Fee.

8. FEES AND CHARGES

8.1 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 Front-End Load Option and two Back-End Load Options - the Deferred Sales Charge Option and the Low Load Option.

The fee you pay for the Maturity and Death Benefit Guarantee for all Fund Classes is incorporated in the Management Expense Ratio of the Funds you have selected.

The fee you pay for the GMWB applicable to Class Plus is paid from the Contract, through the redemption of Fund Class Units. Refer to Section 7.14 Class Plus Fee for details concerning calculation and collection of the Class Plus Fee.

8.2 Purchase Fee Options

8.2.1 Front-End Load Option

If you select the Front-End Load Option a sales charge of between 0% and 5% of your deposit is deducted at the time the deposit is made. The sales charge is negotiated between you and your Advisor. The sales charge is deducted from the amount of your Deposit and the net amount is then applied towards the purchase of Fund Class Units as selected by you. We will pay a commission equivalent to the sales charge to your Advisor.

The deposit amount (before the sales charge is deducted) is used for determining the Maturity and Death Benefit Guarantees and the Income Base for the GMWB (applicable to Class Plus). By selecting the Front-End Load Option, no withdrawal fees will apply in the event that you wish to withdraw the market value of some or all of the Fund Class Units at the credit of your Contract.

8.2.2 Back-End Load Options

Back-End Load Options are available only for Fund Classes B, C, and G. The Back-End Load Options currently available include the Deferred Sales Charge (“DSC”) Option and the Low-Load Option. If you select a Back-End Load 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.

We will pay a commission to your Advisor whenever a deposit is applied towards the purchase of Fund Class Units.

The withdrawal fee is calculated as a percentage of the original purchase price of the Fund Class Units. For purposes of withdrawal fees, years will always be measured from the original date of a deposit. When you request a withdrawal of some or all of the market value of Fund Class Units, the deposits to the respective Fund that have been at the credit of your Contract the longest will be used for the purpose of calculating the withdrawal fees. Withdrawal fees will only apply to withdrawals that exceed the Free Withdrawal Limit as specified in Section 4.4.

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

WITHDRAWAL FEE SCHEDULE

Number of Complete Years from Date of Deposit	DSC Option	Low-Load Option
Less than 1 year	5%	2%
1 year	4%	1%
2 years	3%	0%
3 years	2%	0%
4 years	1%	0%
5 years or more	0%	0%

Example of the Deferred Sales Charge Option. This example does not take the Free Withdrawal Limit into account.

Date	Transaction	Amount	Fund Class Unit Value	Number of Fund Class Units Acquired or (Cancelled)	Withdrawal Fee
Jan 01-2006	Deposit to Fund Class B Elite Equity	\$21,000.00	\$210.00	100	N/A
Mar 01-2008	Withdrawal of some of the Market Value of Fund Class B Elite Equity Units	\$2,200.00	\$220.00	(10)	\$63 (10 X \$210 X 3%(2 complete years from date of deposit))

8.3 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:

- a) 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;
- b) 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
- c) you request a switch within 90 days of the most recent switch.

The fee will be 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:

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

8.4 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 the true cost of investing in a Segregated Fund. The MER is paid by the Fund Class before the Fund Class Unit Value is calculated (See Section 11.6 Fees and Expenses Paid by the Funds).

9. TAXATION

9.1 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. We recommend that you consult your personal tax advisor(s) about your individual circumstances.

9.2 Non-registered Savings Plans

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 Fund Class unitholders in 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 unitholders 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. If the taxable income on any Fund Class Units at the credit of your Contract equals or exceeds a prescribed minimum, we are required to file an information return (T-3 Form) with the Canada Revenue Agency (the "CRA"). A copy of this T-3 Form 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 do a withdrawal or a switch during the year your T-3 Form 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. The amount of the top up will be reported to you as a capital gain on a T-3 Form.

Refer to Section 7.15 for Taxation issues related to the GMWB.

9.3 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.

Refer to Section 7.15 for Taxation issues related to the GMWB.

9.3.1 Registered Retirement Savings Plan

You can deduct the deposits that you make to your Registered Retirement Savings Plan from your taxable income, up to the maximum amount allowed under the Income Tax Act. If you make a withdrawal in cash from your Registered Retirement Savings Plan you must pay withholding tax on the amount withdrawn.

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

- a) your Spouse or Common-law partner is named as beneficiary in which case the Death Benefit would be taxable to your Spouse or Common-law partner; or
- b) your child or grandchild is named as beneficiary in which case the Death Benefit may qualify as a designated benefit under the Income Tax Act.

9.3.2 Registered Retirement Income Funds

Retirement income payments and unscheduled withdrawals from your Registered Retirement Income Fund 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.

10. VALUATION

10.1 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:

- a) the Fund Class Units for that Fund at the credit of your Contract; multiplied by
- b) the Fund Class Unit Value for that Fund on the Valuation Date coincident with or next following the date of determination.

The market value of a Fund Class at the credit of your Contract will be the sum of the market value of all Fund Class Units at the credit of your Contract for all Funds in that Fund Class.

10.2 Market Value of your Contract

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

- a) the market value of all Fund Classes at the credit of your Contract; and
- b) any Deposit that we have received, less any sales charges if applicable, which has not yet been applied to purchase Fund Class Units.

10.3 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 dividing the Fund Class proportionate share of the market value of the net assets of the Fund attributable to all Fund Classes less operating expenses and management fees including taxes attributable solely to a Fund Class, by the number of Fund Class Units of the Fund outstanding on the Valuation Date of the respective Fund. 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 IVIC Guidelines occur. Segregated Fund financial statements require valuation of the Fund for financial statement purposes to be in accordance with Canadian generally accepted accounting principles (GAAP). Any difference between the above valuation methodology and GAAP 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 11.14 Fundamental Changes).

II. SEGREGATED FUNDS INVESTMENT OPTION

II.1 General Information

Your Contract offers a wide variety of Segregated Funds. Each Fund has different Investment Objectives and Investment Policies. The Investment Objectives and Policies for each Fund are outlined in the Fund Highlights booklet.

A complete copy of the current investment objectives, policies, restrictions and practices adopted by each Fund is available upon request at any time by contacting our Head Office.

II.2 Investment Management

Empire Life is the investment manager for most of the Segregated Funds. Our investment division is responsible for the day-to-day active management of the Funds including all research and financial analysis, investment decisions, the purchase and sale of securities and related brokerage arrangements. We may provide these services directly or we may appoint an investment advisor or manager to provide these services on our behalf. The Vice President responsible for the investment division reports quarterly to the Investment Committee of the Board of Directors for Empire Life, at which time the investment strategy and performance of the Funds is reviewed.

II.2.1 Portfolio Advisor

Empire Life has appointed Sanford C. Bernstein & Co., LLC as delegated to its affiliated investment advisor AllianceBernstein L.P. ("AllianceBernstein") to manage the day-to-day business of two (2) portfolios of individual securities and/or ETFs selected to participate in the performance of the North American equity markets and global equity markets.

AllianceBernstein's duties include providing investment research, statistical analysis services and the purchase and sale of securities through brokers. AllianceBernstein is well known for its global investment management, its expertise and capabilities, its value investment management style and its emphasis on extensive due diligence of specific companies within the context of current and future economic trends. AllianceBernstein provides investment management services to clients around the world. AllianceBernstein's Canadian Head Office is located at Canada Trust Tower, BCE Place, 161 Bay Street, Toronto, Ontario, M5J 2S1.

Empire Life has appointed Wealhouse Capital Management to manage the Small Cap Equity Fund and the Global Smaller Companies Fund. Wealhouse Capital Management is a Toronto based investment management firm. Wealhouse will be responsible for the day-to-day active management of the Small Cap Equity Fund and the Global Smaller Companies Fund including research and financial analysis, investment decisions, and the purchase and sale of securities through brokers.

We reserve the right to change the Investment Manager for a Fund. We will provide notice to you at least 60 days prior to changing an Investment Manager.

II.3 Adding and Deleting Funds and Fund Classes

We reserve the right to add new Funds and/or new Fund Classes to the Segregated Funds Investment Option of your Contract at any time. You may, by providing notice to us and subject to 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 an existing Fund or Fund Class. We will provide notice to you at least 60 days prior to the deletion date of the Fund or Fund Class and of the options available to you as a result of the deletion.

II.4 Splitting of Fund Class Units

We may, at any time, elect to re-determine the number of Fund Class Units in a Fund. Any such re-determination 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 applicable Fund as at the date of the re-determination will remain the same before and after such re-determination.

11.5 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.

11.6 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. At present, there are no plans to alter the management and other fees currently being waived. However, the waiver of management and other fees can be terminated at any time without prior notice to you.

Annual Management Fees (including GST)

Fund	Fund Class B	Fund Class C	Fund Class D	Fund Class E	Fund Class G	Fund Class H
Canadian Equity	2.52%	2.94%	1.53%	1.95%	n/a	n/a
Elite Equity	2.52%	2.94%	1.53%	1.95%	n/a	n/a
Dividend Growth	2.52%	2.94%	1.53%	1.95%	n/a	n/a
Small Cap Equity	2.52%	2.94%	1.53%	1.95%	n/a	n/a
American Value	2.52%	2.94%	1.53%	1.95%	n/a	n/a
US Equity Index	2.52%	2.94%	1.53%	1.95%	n/a	n/a
International Equity	2.81%	3.23%	1.83%	2.25%	n/a	n/a
Global Equity	2.52%	2.94%	1.53%	1.95%	n/a	n/a
Global Dividend Growth	2.52%	2.94%	1.53%	1.95%	n/a	n/a
Global Smaller Companies	2.90%	3.32%	1.91%	2.33%	n/a	n/a
Bond	2.14%	2.31%	1.42%	1.59%	2.14%	1.42%
Income	2.14%	2.31%	1.42%	1.59%	2.14%	1.42%
Money Market	1.42%	1.50%	0.80%	0.88%	1.42%	0.80%
Asset Allocation	2.52%	2.86%	1.53%	1.87%	2.52%	1.53%
Balanced	2.52%	2.81%	1.53%	1.83%	2.52%	1.53%
Global Balanced	2.79%	3.09%	1.81%	2.10%	2.79%	1.81%
Conservative Portfolio	2.40%	2.66%	1.42%	1.67%	2.40%	1.42%
Balanced Portfolio	2.46%	2.75%	1.47%	1.76%	2.46%	1.47%
Moderate Growth Portfolio	2.56%	2.90%	1.58%	1.91%	2.56%	1.58%
Growth Portfolio	2.61%	2.98%	1.63%	2.00%	2.61%	1.63%
Aggressive Growth Portfolio	2.68%	3.10%	1.69%	2.11%	2.68%	1.69%

Any Segregated Fund that invests in a secondary fund will not incur any additional management fees or operational expenses for holding units of the secondary fund. Each principal fund carries its own annual management fee as shown in the chart in Section 11.6.1. The principal 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.

11.6.1 Management Fee

The annual management fee for each Fund in a Fund Class will be as specified in the chart below. A management fee can only be changed after we have provided advance notice to you (See Section 11.14 - 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 the Goods and Services Tax (the "GST"). 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.

11.6.2 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, bank service and interest charges, applicable taxes, costs related to regulatory compliance including preparing and distributing financial reports and statements, information folders and unit holder 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.

11.6.3 Management Expense Ratio

The Management Expense Ratio (the "MER") is the total cost of investing in a Fund in a Fund Class. The MER for each Fund in a Fund Class is outlined in the Fund Highlights booklet.

The MER includes the management fee and operational expenses. 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 expenses included in the MER for a Fund in a Fund Class will vary, which will result in different MER's each year. The MER for a Segregated Fund that invests in a secondary fund will include the MER of the secondary fund. The MER's will be disclosed annually in the audited Financial Statements.

11.7 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.

11.8 Fund Custodian

Empire Life retains under its own control the cash and securities of the Funds, and all investments and deposits of the Funds are made in the name of Empire Life. Empire Life has an agreement with RBC Dexia Investor Services Trust, 77 King Street West, Toronto, Ontario, a Canadian trust company, under which the trust company serves as custodian for the safekeeping of the securities of the Funds. The securities

that make up the investments are either registered in the Nominee name of the eligible depository or, if not eligible, then in the name of our custodian. Regulations to ensure the safekeeping of these securities are as prescribed under the Insurance Companies Act (Canada).

11.9 Investment Policies and Restrictions

The Fund Classes have been established to provide benefits, which will vary in amount depending upon 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 advance notice to you (See Section 11.14 - 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 policies for each Fund are outlined in the Fund Highlights booklet.

11.10 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 Information Folder, that would or will materially affect Empire Life with respect to the Funds.

11.11 Material Contracts and Facts

Other than the appointment of AllianceBernstein and Wealhouse Capital Management as Portfolio Advisors (See Section 11.2.1 Portfolio Advisor) no material contract that can be reasonably regarded as presently material to proposed Contract Owners with respect to the Funds has been entered into within two years prior to the date of filing of this Information Folder. There are no other material facts relating to the investment policies that have not been disclosed in the Information Folder.

11.12 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 or on the gains realized or unrealized on such investments. However, the Funds are subject to foreign withholding taxes on income derived from non-Canadian investments.

11.13 Auditor of the Funds

The financial statements for the Segregated Funds are provided on an audited basis in accordance with the requirements of the IVIC Guidelines.

To comply with this requirement, Empire Life has appointed Deloitte & Touche, 181 Bay Street, Toronto, Ontario to act as independent auditor of the Segregated Funds.

11.14 Fundamental Changes

A fundamental change includes:

- a) an increase in the management fee of a Fund in a Fund Class;
- b) a change in the fundamental investment objectives of a Fund;
- c) a decrease in the frequency that Fund Class Units of a Fund are valued; or
- d) an increase in the Class Plus Fee if the increase is higher than the maximum allowable (See Section 7.14 Class Plus Fee).

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. Withdrawal fees will not apply provided your notice to us advising of the option that you have selected is received at least five (5) 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.

11.15 Fund in Fund Investments

Many of our Segregated Funds invest in secondary funds or in other Empire Life Funds in order to achieve their objectives. Contract Owners who invest in a Segregated Fund that invests in a secondary fund have purchased an insurance contract with Segregated Funds and are not unitholders of the secondary funds. Contract Owners are not entitled to any ownership rights of the units of a secondary fund. A copy of

the Investment Policies and the audited Financial Statements for the secondary funds are available upon request from our Head Office. We will provide notice to you of any amendments to the investment objectives of the secondary funds.

International Equity Sub-fund

The International Equity Sub-fund is a secondary fund that is managed by AllianceBernstein. The individual securities and ETFs selected by AllianceBernstein from equity markets outside of the U.S. and Canada will be held in the International Equity Sub-fund. Foreign market exposure in many of our Segregated Funds may be achieved by holding units in this secondary fund.

The investment objective of the International Equity Sub-fund is to achieve long-term growth through capital appreciation by investing in a diversified portfolio of stocks of Non-U.S. Companies. The fund's investment strategy emphasizes investment in companies that are determined to be undervalued, using a fundamental value research approach. The fund typically invests in stocks selected from more than 40 developed and emerging market countries.

Global Pooled Equity Sub-fund

The Global Pooled Equity Sub-fund is a secondary fund that is managed by Empire Life. The individual securities and ETFs selected by Empire Life from equity markets outside of Canada will be held in the Global Pooled Equity Sub-fund. Foreign market exposure in many of our Segregated Funds may be achieved by holding units of this secondary fund.

The investment objective of the Global Pooled Equity Sub-fund is to achieve long-term growth through capital appreciation by investing in a diversified portfolio of stocks of Non-Canadian companies. The Global Pooled Equity Sub-fund's investment strategy emphasizes investment in companies that are determined to be undervalued, using a fundamental value research approach. The Fund typically invests in stocks selected from more than 40 developed and emerging market countries.

Portfolio Funds

We currently offer five (5) Portfolio Funds (the "principal funds"). These include the Conservative Portfolio Fund, Balanced Portfolio Fund, Moderate Growth Portfolio Fund, Growth Portfolio Fund, and Aggressive Growth Portfolio Fund. Each Portfolio Fund will purchase units in Empire Life Segregated Funds (the "secondary funds") according to pre-established target allocations. A detailed description of the fundamental investment objectives and the target

allocations established to achieve the objectives for each Portfolio Fund are outlined in the Fund Highlights booklet. The target allocation will vary but will be monitored and re-balanced at the discretion of the Investment Manager consistent with the Fund's investment objectives and the current target allocation. We reserve the right to change the target allocation, and to remove, replace, or add secondary funds to help achieve the Fund's fundamental investment objectives without providing notice to you.

12. INVESTMENT DETAILS

12.1 General

While the investments of the Funds are not currently subject to the provisions of the Insurance Companies Act, 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 CLHIA Guidelines on Individual Variable Insurance Contracts relating to Segregated Funds (the "IVIC Guidelines") that have been approved by the Canadian Council of Insurance Regulators.

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

- a) borrow money in excess of 5% of the market value of the assets of the Fund in compliance with the IVIC Guidelines;
- b) 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);
- c) engage in the purchase and sale of real estate;
- d) make loans except for the purchase of debt securities, term deposits and money market securities;
- e) transfer securities between the Fund(s) and Empire Life;
- f) invest in securities of companies for the purpose of exercising control or management;
- g) shortsell or margin investments for the Funds;
- h) 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 managed by Empire Life and permitted to use equity instruments is permitted to use Income Trusts, Exchange Traded Funds (ETFs), puts, calls, swaps, futures, forwards and other derivatives. Any Funds managed by Empire Life that uses fixed income instruments is 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.

Purchases and sales of securities are made at various brokerage houses depending on value received. No artificial formula or method is used in allocating purchases. Factors considered include research information, transaction costs and efficiency of execution.

12.2 Investment Strategies and Practices

12.2.1 Equity Investment Process – Canadian Equities

Generally, unless otherwise specified, the investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style is bottom-up. It focuses on the fundamentals of individual stocks, where value is a prime investment criteria. Stocks are purchased to fit into a well-diversified portfolio and the expected investment horizon for individual holdings is 24 to 36 months or longer.

The stock selection process consists of identifying good companies whose stocks are undervalued. We focus on the quality and valuation of individual companies, carefully evaluating a company and its management. We look for management with a proven record of performance, a vision and clear strategy for future success and an orientation toward building shareholder value. Furthermore, we pursue companies with a strong competitive position, proprietary or innovative products, services or knowledge, and which operate in industries with high barriers to entry.

While our approach is "bottom-up" based, the macro-economic environment is important in terms of forecasting individual company earnings. In other words, the outlook for the company, interest rates and other major economic forces are an important consideration in determining the value of individual companies.

A Company's financial situation is also of utmost importance. Key financial considerations include:

- 1) a strong balance sheet;
- 2) strong free cash flow;
- 3) a relatively low P/E ratio; and
- 4) a proven record of financial performance.

Where reference is made to the market capitalization of stocks, this refers to the free float of the stocks. As there is no specific industry definition of what comprises small, mid or large market capitalization stocks, the following is a general guideline for our investment in North American equities:

Small market capitalization stocks - those stocks with a free float of approximately \$1 billion or less;

Mid market capitalization stocks - those stocks with a free float of approximately \$2 billion or less;

Large market capitalization stocks - those stocks with a free float of approximately \$2 billion or more.

12.2.2 Equity Investment Process – U.S. Equities

Equity investment in the United States, where individual securities are selected to meet the fundamental investment objectives of a Fund, is achieved through the selection of individual securities, Exchange Traded Funds (ETFs) and American Depository Receipts (ADRs). The U.S. portion of a Fund may also invest in foreign currency exchange forward contracts, currency futures, and currency option contracts.

Investments will be made primarily in large market capitalization stocks although small and mid-market capitalization stocks may also be held. We define the market capitalization for these U.S. securities the same way as for Canadian Equities.

Exchange Traded Funds (ETFs) are investments that contain a pool of securities representing a specific index such as the S&P/TSX60, the Dow Jones Industrial Average and the Dow Jones Euro Stoxx 50. The enhanced liquidity of ETFs provides the opportunity to react quickly to changing market conditions, allowing for a rapid increase in the equity weighting for the Fund when markets are rising and a rapid reduction in the equity weighting when markets are falling. American Depository Receipts (ADRs) that are traded in the U.S. are considered North American investments. ADRs represent receipts for stocks of a foreign-based corporation held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains.

12.2.3 Equity Investment Process – Non-North American Equities

Generally, unless otherwise specified, the investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style is bottom-up. It focuses on the fundamentals of individual stocks, where value is a prime investment criteria. Stocks are purchased to fit into a well-diversified portfolio and the expected investment horizon for individual holdings is 24 to 36 months or longer.

The stock selection process consists of identifying good companies whose stocks are undervalued. We focus on the quality and valuation of individual companies, carefully evaluating a company and its management. We look for management with a proven record of performance, a vision and clear strategy for future success and an orientation toward building shareholder value. Furthermore, we pursue companies with a strong competitive position, proprietary or innovative products, services or knowledge, and which operate in industries with high barriers to entry.

While our approach is "bottom-up" based, the macro-economic environment is important in terms of forecasting individual company earnings. In other words, the outlook for the company, interest rates and other major economic forces are an important consideration in determining the value of individual companies.

A company's financial situation is also of utmost importance. Key financial considerations include:

- 1) a strong balance sheet;
- 2) strong free cash flow;
- 3) a relatively low P/E ratio; and
- 4) a proven record of financial performance.

Where reference is made to the market capitalization of stocks, this refers to the free float of the stocks. As there is no specific industry definition of what comprises small, mid or large capitalization stocks, the following is a general guideline for our investment in Non-North American equities:

Small market capitalization stocks - those stocks with a free float of approximately \$2 billion or less;

Mid market capitalization stocks - those stocks with a free float of approximately \$10 billion or less;

Large market capitalization stocks – those stocks with a free float of approximately \$10 billion or more.

12.2.4 Equity Investment Process – AllianceBernstein’s Process

Empire Life has appointed AllianceBernstein to manage the day-to-day business of two (2) portfolios of individual securities and/or ETFs selected to participate in the performance of the North American and global equity markets.

AllianceBernstein’s investment strategy emphasizes investment in companies that are determined to be undervalued, using a fundamental value research approach. They typically invest in stocks selected from more than 40 developed and emerging market countries.

Research-driven security selection is the primary driver of performance for this strategy. The investment process has three key components: identifying attractive opportunities, fundamental research and portfolio construction. The position size for each holding is a function of AllianceBernstein’s conviction in the return potential of a stock, its risk and risk tolerance. In addition to using risk models, country, sector and security constraints that are appropriate for the risk/return goals of the strategy are used. The resulting portfolio generally holds 40 to 60 names.

12.2.5 Fixed Income Investment Process

Generally, unless otherwise specified, the fixed income investment philosophy is a conservative one where preservation of capital is an important consideration. The investment style applies a mix of interest rate anticipation, curve positioning, country weightings, sector weightings, currency outlooks and active portfolio management.

The average duration of the portfolio is adjusted to reflect our outlook for interest rates over the next 12 months. Duration is a measure of the price volatility of a bond and is equal to the weighted average term to maturity of the bond’s cash flows. The weights are the present values of each cash flow as a percentage of the present value of all cash flows. The greater the duration of the bond, the greater its percentage price volatility.

The portfolio’s curve positioning reflects our views on the relative and absolute expected changes of short, medium and long-term interest rates. Our country weighting looks at the current and future assessment of each country’s economic condition. Our sector mix of cash and government, supranational and corporate bonds is based on the overall economy of each country and its affect on each of the sectors. Lastly, we monitor the markets to take advantage of any trading opportunities that may arise without increasing the overall risk profile of the portfolio.

13. POTENTIAL RISKS OF INVESTING

All investments carry some risks. The major risks associated with our Segregated Funds are described below.

13.1 Equity Funds

Outlined below are the principal risks of our equity Funds:

- Business risks are the risks associated with developments in the business underlying the companies whose stocks are held in the Funds;
- Market risks are associated with volatility in the stock market;
- Sovereign risk refers to general economic, political, regulatory* and financial* risk in various countries where investments are denominated;
- Foreign currency risk, which is currency risk associated with the non-Canadian markets in which stocks are purchased.

**North American standards are generally more rigorous. Regulatory risk refers to the fact that the regulations in a certain country may not be as comprehensive as these standards while financial risk refers to the fact that accounting rules may not be as strict.*

Because equity markets have historically been more volatile than fixed income markets, equity Fund unit values may fluctuate more than fixed income unit values. In addition, since the balance of these Funds is invested in money market securities, there is an additional risk as described in the risk section for Fixed Income Funds.

The Small Cap Equity Fund and the Global Smaller Companies Fund are exposed to the same risks as outlined for the other Empire Life equity Funds. In addition, these Funds are subject to special equities risk due to the generally smaller capitalization of the stocks held. Such companies may be newer companies with less experienced management. The impact of these risks may be magnified, resulting in higher volatility of the unit price of the Small Cap Equity and Global Smaller Companies Funds. To the extent that other Empire Life equity Funds are invested in stocks of companies with smaller market capitalization, they will also be exposed to this risk.

Our equity Funds do not use derivatives for the purpose of leverage. Leverage is using assets and cash in a portfolio to control a greater dollar amount of assets than the portfolio would otherwise be able to acquire outright. This increases the risk of the portfolio. Leverage can be accomplished by borrowing money or using derivatives. A good example of using leverage is buying securities on margin.

Use of derivatives in the equity Funds may include futures, Exchange Traded Funds (ETFs), common equity warrants, instalment receipts for common equities, convertible preferred stocks and convertible debentures. These instruments may expose the Fund to derivatives risk as the price of any of these instruments will fluctuate in accordance with the fluctuations in the price of the stocks underlying the instrument, as well as, in many cases, with interest rates. These instruments are purchased as proxies for the common stocks.

Equity Funds may invest in Income Trusts. This may expose the Fund to trust investment risk where Income Trust investors may be held liable for certain obligations and claims of the trust should the assets of the Income Trust not meet the claim amounts.

Equity Funds may also use currency forwards, currency options and currency futures. Forwards are the primary instruments used for the purchase or sale of foreign currencies although futures and options can also be used. A forward contract or a future contract is a commitment to buy or sell a security at a certain price within a given period. An option is the right to buy or sell a security at a certain price within a given period.

Following is an example of how a forward contract would be used to hedge a currency risk. If a U.S. security is purchased, the Fund could be exposed to currency risk. The Fund manager may neutralize this risk by selling the foreign currency on the forward market. If the Canadian dollar gains in value against the foreign currency, the currency gain on the forward market offsets the currency loss on the foreign-denominated security. If the reverse happens and the foreign currency increases the loss on the forward contract is offset by the currency gain on the security. In both cases, no currency gain or loss would be realized. There can be no assurance however that the Fund's hedging strategies will be effective.

13.1.1 US Equity Index Fund

The US Equity Index Fund is a passive index fund that invests in various futures contracts and/or Exchange Traded Funds (ETFs). It invests in this manner in order to closely track the performance of the index the Fund is attempting to simulate. A futures contract is a commitment to buy or sell a security at a certain price within a given period. The value of these contracts fluctuates in accordance with the fluctuations in the level of the index it represents. Holding futures exposes the US Equity Index Fund to derivatives risk (See Section 13.4 General Derivatives Risk). Futures contracts are marked to market daily, and the change in the value of the futures contract is reflected in the unit value of the Fund. Thus, one

risk of the US Equity Index Fund is that it reflects the risk of its respective stock market. For example, the US Equity Index futures would reflect the risk of the U.S. stock market, as measured by the S&P500 Index. Another risk of this Fund is that it may have more of its net assets invested in an issuer(s) than is usually permitted. As the exposure to any one issuer increases, there is potential for liquidity risk to increase and the volatility to also increase. Additionally, a passive equity index fund that focuses on a single index may be considered less diversified than a fund that is attempting to simulate more than one index, and therefore will be more volatile.

Exchange Traded Funds (ETFs) are investments that contain a pool of securities representing a specific index such as the S&P/TSX60, the Dow Jones Industrial Average and the Dow Jones Euro Stoxx 50. Thus, the risk of ETFs reflects the risk of the underlying stock market that it is tracking. For example, the US Equity Index Fund could invest in S&P500 Depository Receipts (SPDRs), which would reflect the risk of the U.S. stock market as measured by the S&P500 Index.

In addition, since the balance of the value of the Fund is invested in money market securities, there is a risk as described in the risk section for Fixed Income Funds.

13.2 Non-Domestic Equity Component of Funds

As outlined in "Equity Investment Process - Non-North American Equities", the Funds may participate in the performance of the non-North American equity markets through the purchase of units in the International Equity Sub-fund. The International Equity Sub-fund is exposed to the same risks as outlined for the other Empire Life equity Funds.

13.3 Fixed Income Funds

The principal risks of our fixed income Funds are the risks associated with interest rate movements. The market price of fixed income securities varies with changes in the overall level of interest rates and the creditworthiness of the issuers of the securities. In general, when interest rates rise, the market price of fixed income securities falls; on the other hand, when interest rates fall, the market price of fixed income securities rises. In addition, the longer the duration of the security the greater the volatility in its price. To the extent a Fund invests in fixed income securities denominated in currencies other than the Canadian dollar, the unit value of the Fund may fluctuate as a result of changes in currency exchange rates as well as be affected by the general economic and financial conditions in those countries where the securities are held.

Another potential risk is credit risk, which refers to the risk that the issuer of a fixed income security may fail to pay the principal and interest payments on the security in a timely manner, resulting in a decline in the value of the security. A high proportion of government issued or government guaranteed securities serves to reduce the overall credit risk of these Funds.

The fixed income Funds do not 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. The use of derivatives is limited to futures, forwards and options.

Derivatives, such as options, futures, and forwards are used to adjust a Fund's average term to maturity, to gain exposure to income-producing securities, and to hedge against changes in interest rates or currencies.

Forwards are the primary instruments used for the purchase or sale of foreign currencies although futures and options can also be used. Futures and forwards are a commitment to buy or sell a security at a certain price within a given period. An option is the right to buy or sell a security at a certain price within a given period. Following is an example of how a forward contract would be used to hedge a currency risk.

If a foreign bond is purchased, the Fund could be exposed to currency risk. The Fund manager may hedge this risk by selling the foreign currency on the forward market. If the Canadian dollar gains in value against the foreign currency, the currency gain on the forward market offsets the currency loss on the foreign-denominated security. If the reverse happens and the foreign currency increases, the loss on the forward contract is offset by the currency gain on the security. In both cases, no currency gain or loss would be realized. There can be no assurance however that the Fund's hedging strategies will be effective.

13.4 General Derivatives Risk

Generally, the risk of using derivatives to gain exposure to an underlying market (as in the US Equity Index Fund) or reduce exposure to a currency (as in the Income Fund) is the same as investing directly in the market or currency. However, there can be some additional risks, each of which is explained briefly below.

- A counterparty credit risk may exist when the issuer of the derivative is unable to meet its obligations, and this risk applies to derivatives that are traded over-the-counter as opposed to exchange traded derivatives.

- Liquidity risk refers to the possibility that a Fund may not be able to close out or sell its position in the derivative. When this happens, the Fund is unable to realize profits or restrict losses.
- Margin or safekeeping risk refers to the possibility of losing assets of a Fund due to the bankruptcy of a broker or dealer who may hold assets of the Fund on deposit.
- Pricing risk associated with derivatives refers to the risk that the price of the derivative may be distorted if trading in the underlying security is halted. Pricing risk also refers to the possibility that, in the event a derivative is purchased for hedging purposes, the price movement of the hedging instrument may not perfectly match that of the underlying security in which case the hedging strategy may not be effective in preventing loss.

13.5 Fund in Fund Risk

Depending on the size of the investment being made by the principal fund in a secondary fund and the timing of the redemption of this investment, a secondary fund could be forced to alter its portfolio assets to accommodate a large redemption request. This could negatively impact the performance of the secondary fund as it may have to dispose prematurely of portfolio assets that have not yet reached a desired market value, resulting in a loss to the secondary fund. Should this occur, it would also negatively impact the investment return of the principal fund. In addition, if the secondary fund suspends redemptions, the principal fund will not be able to value or redeem its units.

The risks associated with a Portfolio Fund (Conservative, Balanced, Moderate Growth, Growth, and Aggressive Growth) are the risks of the secondary funds that the Portfolio Fund invests in.

13.6 Large Investor Risk

Large investors such as financial institutions may purchase and redeem large numbers of units of one or more of our 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.

Appendix to Information Folder

Class Plus - Income Now Scenario

Richard is 65 years old. He has \$400,000 in savings. He wants an equity-based investment that will guarantee him a fixed annual income starting immediately with the potential for an increase in income should the stock market move up. Richard is also looking for:

- a stream of income that will last for his entire lifetime, even if he should live to well over age 100;
- a Death Benefit Guarantee or the account value (whichever is higher) that would be payable to his beneficiaries; and
- an investment where there are a variety of funds to choose from.

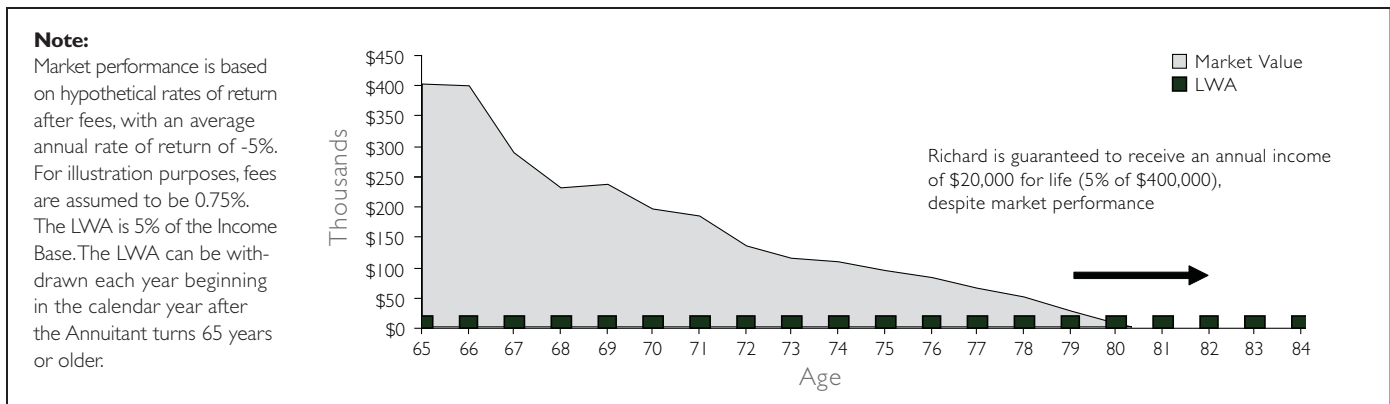
For Richard's \$400,000 investment, the Empire Life Class Plus would offer him all of what he needs and more.

The year after Richard turns 65, Class Plus would allow him to receive a Lifetime Withdrawal Amount (LWA) that is set to equal 5% of the Income Base*. This amount is guaranteed not to decrease provided there are no excess withdrawals†. The LWA can potentially increase through the triennial automatic reset feature applied to the Income Base. The reset feature locks in the market value if it is higher than his current Income Base.

Class Plus also features a 100% Death Benefit Guarantee with automatic triennial resets occurring up to and including Richard's 80th birthday.

Income Now - Down Market Scenario

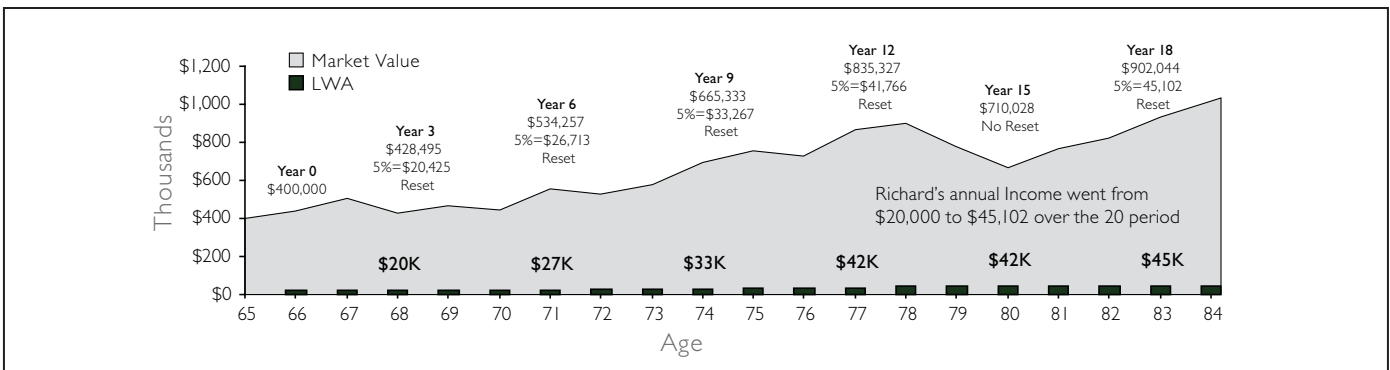
Under poor market conditions, Richard's investment could be depleted in approximately 18 years if he took annual regular withdrawals of \$20,000. However, with Class Plus, no matter what the market performance is, Richard is guaranteed an annual income of \$20,000 for life, provided there are no excess withdrawals.



*Income base is the value that is the basis for determining the Maximum Withdrawal Allowance or the Lifetime Withdrawal Amount for each calendar year for Class Plus.
†Withdrawals in excess of the Lifetime Withdrawal Amount may significantly reduce or eliminate the value of this benefit.

Income Now - Up market Scenario

Under strong market conditions, every third Class Plus Anniversary Date a Class Plus Income Base Reset may occur. The Class Plus Income Base Reset occurs only when the market value is greater than the current Income Base, which results in a higher Income Base. The automatic triennial resets would also result in an increase of Richard's Income Base from \$400,000 to \$902,044^{††}, thus gradually increasing his LWA from \$20,000 in year 1 to \$45,102 in year 19.



^{††}The chart values are based on year end values of the Income Base after deducting withdrawals and annual fund fee rate. For illustration purposes, fees are assumed to be 0.75%, and the market value is based on an historical rate of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, as at December 31, 1988 to December 31, 2007 with an average annual rate of return of 10.1%

Class Plus - Income Later Scenario

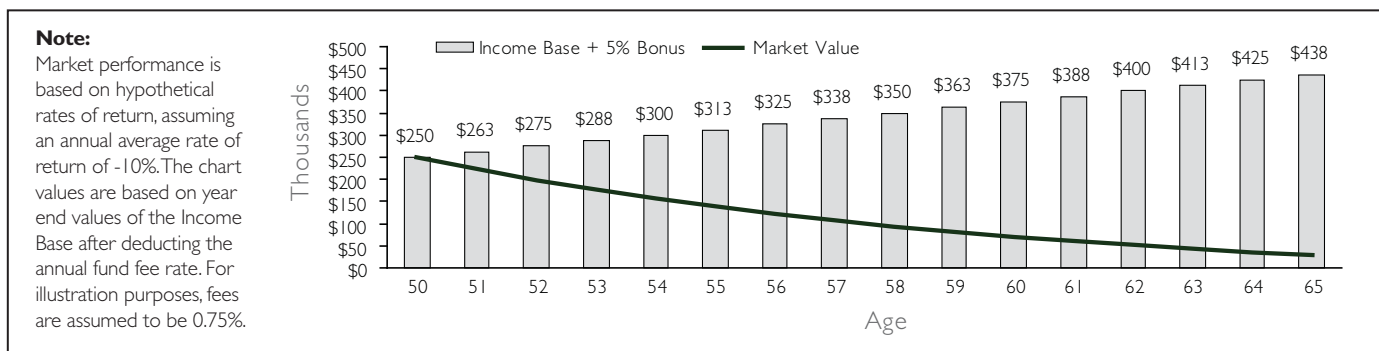
Sarah is 50 years old and is looking to retire at age 65. She currently has \$250,000 to invest that she plans to use as retirement income. She is looking for an investment that will allow her to be in the equities market and is also looking for :

- an investment that has the potential to grow for 15 years before she retires;
- an investment will be held predominately in equities;
- an investment where there are a variety of funds to choose from; and
- a Death Benefit Guarantee on the account value (whichever is higher) that would be payable to her beneficiaries.

The Class Plus Income Base Bonus[†] feature can help Sarah during her accumulation phase by increasing her Income Base^{**} by 5% each year for the first 15 calendar years assuming no withdrawals are made. If within the first 15 years Sarah needs to withdraw some money, she can withdraw up to 5% through the Maximum Withdrawal Allowance^{††} feature, but she will not be credited the 5% Income Base Bonus in the year in which the withdrawal is made.

Income Later – Down Market Scenario

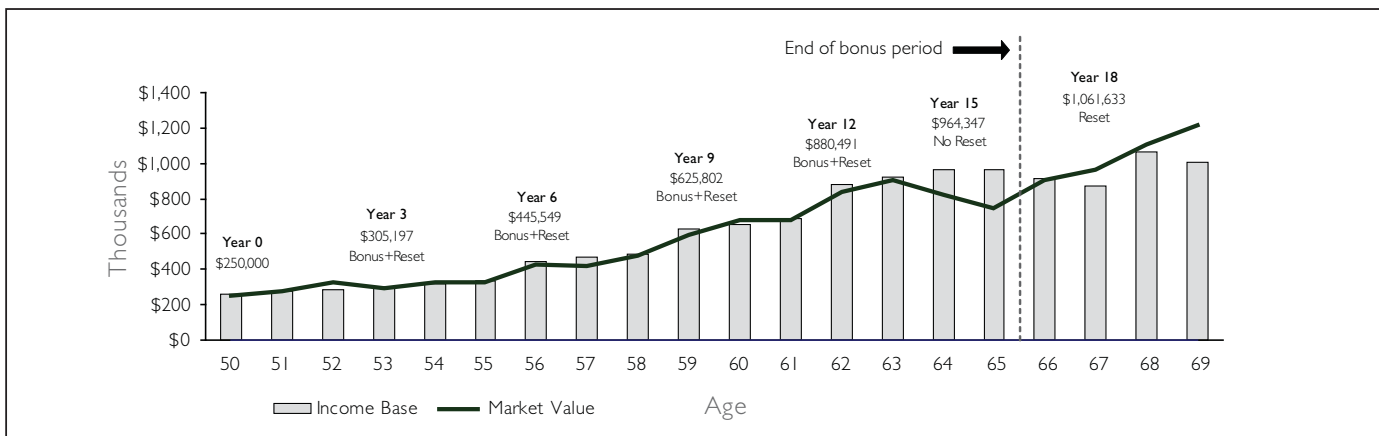
The Income Base Bonus contributes to Sarah's potential future income and protects her against downside market risk. Despite poor market conditions, Sarah's Income Base would grow by 75%, from \$250,000 to \$438,000, assuming no withdrawals are made during the first 15 years. By the time she is ready to retire and start withdrawing her money, she would have a guaranteed annual income of \$21,875 (\$438,000 x 5%).



Income Later – Up Market Scenario

Under strong market conditions, in addition to the 5% bonus, Sarah would also benefit from the automatic triennial reset feature. Every third Class Plus Anniversary Date a Class Plus Income Base Reset may occur. The Class Plus Income Base Reset occurs only when the market value is greater than the current Income Base, which results in a higher Income Base.

When Sarah is ready to retire at age 65, her annual income would be \$48,217 (5% of her \$964,347^{††} Income Base).



[†]The Income Base Bonus is not a cash deposit. It is an amount added to the Income Base at the end of each of the first 15 calendar years following the initial deposit to Class Plus during which no withdrawals are made for that year from Class Plus.

^{**}Income Base is the value that is the basis for determining the Maximum Withdrawal Allowance or the Lifetime Withdrawal Amount each calendar year for Class Plus.

^{††}Maximum Withdrawal Allowance is set to equal 5% of the Income Base if the investor is younger than 65 years old. As of December 31st in the year in which the investor turns 65 years old, the Maximum Withdrawal Allowance is set to \$0 and the Lifetime Withdrawal Amount is set to equal 5% of the Income Base.

^{†††}The chart values are based on year end values of the Income Base after withdrawals and annual fund fee rate. For illustration purposes, fees are assumed to be 0.75%. Market value is based on an historical rate of return using a blend of 80% S&P/TSX and 20% DEX Universe Bond Index, as at December 31, 1988 to December 31, 2007 with the average annual rate of return of 10.1%

Empire Class Segregated Funds

Policy Provisions

Important Information

Delivery of the Policy Provisions does not constitute an acceptance by 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.

The Empire Life Insurance Company (“Empire Life”) is the issuer of this non-participating deferred annuity Contract and the guarantor of the Maturity Benefit, Death Benefit and Guaranteed Minimum Withdrawal Benefit Guarantees as outlined in the Policy Provisions.



Mr. Leslie C. Herr

President and Chief Executive Officer

I. GENERAL

I.1 Definitions

The following are definitions for some of the key terms used throughout this document. The definitions provided will have the same meaning throughout the Information Folder and the Policy Provisions.

“**Annuitant**” shall mean the individual on whose life any benefits payable are based. The Annuitant is also presumed to be the Contract Owner only for the purposes of describing the benefits available;

“**Application**” shall mean the Empire Class Segregated Funds Application or the Empire Class Segregated Funds Application for Nominee/Intermediary Account;

“**Bonus Base**” shall mean the amount used to calculate the Income Base Bonus at the end of the calendar year for Class Plus;

“**Bonus Base Reset**” shall mean an increase to the Bonus Base for Class Plus to equal the market value of Class Plus Funds at the credit of your Contract, if the market value of the Class Plus Funds is greater than the Bonus Base. Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter for the first 15 calendar years following the initial deposit to Class Plus, a Bonus Base Reset will occur;

“**Class Plus**” shall mean Fund Class G or H;

“**Class Plus Anniversary Date**” shall mean the Valuation Date of the initial deposit to Class Plus and every year thereafter;

“**Class Plus Income Base Reset**” shall mean an increase to the Income Base for Class Plus to equal the market value of the Class Plus Funds at the credit of your Contract, if the market value of the Class Plus Funds is greater than the Income Base. Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter a Class Plus Income Base Reset will occur;

“**cut-off time**” will be 4:00 p.m. EST of a Valuation Date. Any deposits or requests for a switch, withdrawal or reset 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;

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

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

“**Excess Withdrawal**” shall occur when total withdrawals from Class Plus in a calendar year exceed the greater of the Lifetime Withdrawal Amount or the Maximum Withdrawal Allowance;

“**Fund(s)**” and “**Segregated Funds**” shall mean and include any one or all of the Segregated Funds and their respective Fund Classes available under the terms of this Contract at any time;

“**Fund Class**” shall mean the notional division of a Segregated Fund for the purposes of determining the management fee and the Maturity Benefit, Death Benefit and Guaranteed Minimum Withdrawal Benefit Guarantees;

“**Fund Highlights**” shall mean the Segregated Fund Highlights booklet that forms part of the Information Folder;

“**Guaranteed Minimum Withdrawal Benefit (GMWB)**” shall mean the feature of Class Plus that provides for withdrawals over the life of the Contract provided annual withdrawal maximums are not exceeded and the Annuitant has met the age eligibility requirement;

“**Guaranteed Minimum Withdrawal Benefit (GMWB) Guarantees**” shall mean a guarantee that withdrawals will continue for the life of the Annuitant as long as they do not exceed an annual maximum amount and provided the Annuitant has met age eligibility;

“**Guaranteed Payment Phase**” shall mean the period of time that withdrawals up to an annual withdrawal maximum can occur from Class Plus when the market value of the Class Plus Funds at the credit of your Contract equals \$0, subject to specified conditions;

“**Income Base**” shall mean the value that is the basis for determining the Maximum Withdrawal Allowance and the Lifetime Withdrawal Amount each calendar year for Class Plus;

“**Income Base Bonus**” shall mean an amount added to the Income Base at the end of each of the first 15 calendar years following the initial deposit to Class Plus during which no withdrawals are made for that year from Class Plus;

“**Income Base Downward Adjustment**” shall mean a potential reduction to the Income Base and the Bonus Base that occurs immediately following an Excess Withdrawal from Class Plus;

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

“**Information Folder**” shall mean the disclosure document in respect of the Empire Class Segregated Funds Contract and the Fund information that is required under provincial insurance laws;

“**last Annuitant**” shall mean the Annuitant, or if there is a Successor Annuitant, the last surviving Annuitant;

“**Lifetime Withdrawal Amount (LWA)**” shall mean the maximum amount guaranteed to be available each calendar year for withdrawals from Class Plus for the life of the Annuitant, provided the Annuitant is 65 years or older and an Excess Withdrawal does not occur;

“**Maturity Date**” shall mean the latest date that a Contract may be owned. The Maturity Benefit is payable on the Maturity Date;

“**Maximum Withdrawal Allowance**” shall mean the maximum withdrawal amount for Annuitants less than 65 years of age, that will be available from Class Plus for a calendar year without being considered an Excess Withdrawal;

“**notice to us**” shall mean 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**” shall mean written notice sent by regular mail from us to you at your last known address according to our records;

“**rules**” shall 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 the Income Tax Act and applicable pension legislation. The operation of the Contract and your rights as Contract Owner is subject to our rules and procedures and no prior notice is required for a rule or procedure to become effective;

“**Savings Plan**” shall mean a non-participating deferred annuity;

“**Valuation Date**” shall mean each day that our Head Office 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**” shall mean The Empire Life Insurance Company;

“**withdrawal fee schedule**” shall mean the schedule of fees applicable to withdrawals. The fees in effect at the time your Contract is applied for are outlined in the Information Folder for the Empire Class Segregated Funds Contract;

“**you**”, “**your**”, and “**Contract Owner**” shall mean the legal owner of this Empire Class Segregated Funds Contract.

1.2 Contract

The Contract is the agreement between you and us. It consists of the Application, these Policy Provisions, any endorsements or amendments issued as part of this Contract, and the confirmation notice issued by us.

If you have requested that your Contract be registered under the Income Tax Act, the Retirement Savings Plan or the Retirement Income Fund Endorsement, as applicable, and any applicable locked-in endorsement will form part of your Contract. The provisions of the endorsement(s) will, where applicable, override the Policy 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 the President, Chief Executive Officer or the Secretary and a Vice-President of Empire Life. 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.

1.3 Effective Date

The Contract will become effective when we have received all of the required documents and you have paid an initial deposit. We will issue a confirmation notice to you as confirmation of a Contract purchase. The effective date of your Contract will be indicated on the confirmation notice.

1.4 Currency

Amounts payable to or by us will be in Canadian dollars.

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).

1.6 Beneficiary

The primary beneficiary(ies) to receive any amount payable upon the death of the last Annuitant will be as you have designated on the Application. You may, by providing notice to us, and to the extent that the law(s) governing this Contract allows:

- a) appoint or revoke a beneficiary; and/or
- b) reallocate the share percentage payable.

We assume no responsibility for the validity or effect of any beneficiary appointments or revocations.

If there are no surviving beneficiaries upon the death of the last Annuitant, any Death Benefit payable will be paid to you or to your estate.

If you designate a beneficiary as irrevocable, the consent of that beneficiary will be required for certain transactions.

1.7 Control of Policy

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.

If you are not the Annuitant and, if you predecease the Annuitant while this policy is in force, the Joint or Successor Owner, if applicable, will become the Owner. If a Joint or Successor Owner has not been named the Annuitant will become the Owner.

1.8 Contract Termination

Your Contract will terminate on the earliest of:

- a) if the market value of your Contract is equal to 0 and the Contract is not in the Guaranteed Payment Phase of the GMWB.
- b) on the Maturity Date;
- c) on payment of the Death Benefit; or
- d) at any time the minimum balance requirements for a Fund or Fund Class in accordance with our rules is not met.

2. DEPOSITS

Deposits may be made to your Contract at any time while it is in force, except for the limitations for Class Plus as noted below. 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).

If you are investing in Class Plus no deposits can be made during the Guaranteed Payment Phase or after December 31st of the year the Annuitant turns 80 years old.

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 regarding minimum deposit requirements. We reserve the right to refuse a deposit, limit the amount of deposits to a Fund, and limit the number of Contracts owned by you.

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.

2.1 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 your Pre-Authorized Chequing ("PAC") deposits, less any applicable sales charge, will be applied based on the Fund Allocations as chosen by you on the Application. Unless you provide notice to us, additional deposits will be applied on a proportionate basis to the same Fund(s) as your initial deposit. You must provide notice to us to change the Fund allocation of your PAC 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 (see “Valuation Date and Fund Class Unit Value”).

The market value of Fund Class Units acquired by a deposit is not guaranteed but will fluctuate with the market value of the assets of the Fund(s).

3. PURCHASE FEE OPTIONS

There are three (3) Purchase Fee Options available under the terms of your Contract - a Front-End Load Option and two (2) Back-End Load Options. Under the Back-End Load Options there is the Deferred Sales Charge Option (“DSC”) and the Low Load Option.

If you select the Front-End Load Option a sales charge of between 0% and 5% of your deposit is deducted at the time your deposit is made. The amount of your sales charge is negotiated between you and your Advisor. The sales charge is deducted from your deposit and the net amount is applied towards the purchase of Fund Class Units.

If you select a Back-End Load Option (DSC or Low-Load) 100% 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 calculated as a percentage of the original purchase price of the Fund Class Units and the number of complete years from the date of deposit to the date of withdrawal. The deposits to the respective Fund that have been at the credit of your Contract the longest will be used for the purpose of calculating the withdrawal fee. The original date of your deposit will not change when a switch occurs.

4. 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 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 some or all of the market value of 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. We reserve the right to refuse a request for a withdrawal.

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 (see “Valuation Date “and “Fund Class Unit Value”).

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

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

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.

The Maturity and Death Benefit Guarantees will be reduced proportionately for any withdrawals.

Withdrawals from Class Plus will reduce the Income Base and may have a negative impact on the GMWB Guarantee.

4.1 Free Withdrawal Limit

For deposits made with a Back-End Load Option (Deferred Sales Charge Option or Low-Load Option), withdrawal fees apply to any withdrawals that occur before the end of the withdrawal fee schedule. However, a withdrawal of some of the market value of Fund Class Units at the credit of your Contract each calendar year up to specified limits 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 for each Fund in a Fund Class as: a) a percentage of the market value of the Fund Class Units of that Fund purchased under the Back-End Load Option at the credit of your Contract on December 31st of the previous calendar year; plus b) a percentage of any deposits

made to that Fund in the current calendar year.

The free withdrawal limit for Savings Plans 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 up to the date of withdrawal. The free withdrawal limit for Retirement Income Fund Plans 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 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 in accordance with our rules.

4.2 Retirement Income Payments

If you have requested that your Contract be registered as a Retirement Income Fund 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, at 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.

4.3 Minimum Balance Requirements

There are minimum balance requirements for Funds and Fund Classes. 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 or to transfer the market value of the Fund Class Units into a new Contract.

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).

5. SWITCHES

5.1 General

You may, by providing notice to us and while your Contract is in force, request a scheduled or unscheduled switch. 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.

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

Switches may be subject to the Excessive Short-Term Trading Fee.

The latest date allowed for switches to Class Plus is December 31st of the year the Annuitant turns 80 years old.

If the switch is the initial deposit to Class Plus, the Class Plus Anniversary Date will be the Valuation Date of the switch.

We reserve the right to refuse a switch request.

5.2 Switches and the Guarantees

Switches between Funds within the same Fund Class will not affect the Maturity and Death Benefit Guarantees.

Switches between Fund Classes will be treated as a withdrawal from one Fund Class and a deposit to another Fund Class for purposes of the Maturity Benefit Guarantee.

For purposes of the Death Benefit Guarantee, switches between Fund Classes will be treated as follows:

- a) the funds being switched from a Fund Class will be considered a withdrawal and the Death Benefit Guarantee for that Fund Class will be reduced proportionately;
- b) the Death Benefit Guarantee for the Fund Class that the funds are being switched to will be increased by the amount that the Death Benefit Guarantee in a) was reduced.

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 Funds.

5.3 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:

- a) 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;
- b) 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
- c) you request a switch within 90 days of the most recent switch.

The fee will be 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:

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

6. MATURITY BENEFIT

6.1 Maturity Date

The Maturity Date of your Contract will be the date you have specified on the Application provided you are not investing in Class Plus. The Maturity Date selected must be at least ten (10) years from the effective date of your Contract. If you do not specify a Maturity Date on the Application we will automatically set one in accordance with our rules. If you are investing in Class Plus the Maturity Date of your

Contract will be December 31st of the year the Annuitant turns 120 years old. The initial Maturity Date for your Contract will be shown on the confirmation notice.

If you originally invested in a Fund Class other than Fund Class G or H, and later make a deposit to Fund Class G or H, the Maturity Date will be changed to December 31st of the year the Annuitant turns 120 years old.

You may, by providing notice to us, request a change to the Maturity Date of your Contract. The following conditions will apply:

- a) if you are not currently invested in Class Plus;
- b) if you have invested in Fund Class C or Fund Class E, the new Maturity Date must be at least fifteen (15) years from the date we receive your request;
- c) if you have invested in one Fund Class and such Fund Class is B, D or F then the new Maturity Date must be at least ten (10) years from the date we receive your request; and
- d) the current Maturity Benefit Guarantee for each Fund Class you have invested in, must be less than the market value of the Fund Class at the credit of your Contract.

A change to the Maturity Date of your Contract will not affect the Maturity and Death Benefit Guarantees.

6.2 Maturity Benefit

On the Maturity Date we will determine a Maturity Benefit for each Fund Class. The Maturity Benefit for each Fund Class will be equal to the greater of:

- a) the market value of a Fund Class at the credit of your Contract, less any applicable withdrawal fees; and
- b) the most recently established Maturity Benefit Guarantee for that Fund Class.

If b) is greater than a) we will deposit the difference (a "top up payment") to the Money Market Fund of that Fund Class. The top up payment will be paid from the general funds of the Company.

The Maturity Benefit will be applied to a Maturity Option as selected by you. Payment of the Maturity Benefit will terminate your Contract.

6.3 Maturity Benefit Guarantee

The Maturity Benefit Guarantee is determined separately for each Fund Class.

The Maturity Benefit Guarantee for Fund Classes B, D, F, G and H will be 75% of the sum of the deposits to the applicable Fund Class.

The Maturity Benefit Guarantee for Fund Classes C and E will be 100% of the sum of the deposits to the applicable Fund Class when there is at least 15 years to the Maturity Date at the date of deposit plus 75% of the sum of the deposits to the applicable Fund Class when there is less than 15 years to the Maturity Date at the date of deposit.

The Maturity Benefit Guarantee will be reduced proportionately for any withdrawals. The Maturity Benefit Guarantee for Class Plus will not decrease as a result of a withdrawal to pay the Class Plus Fee (See Section 8.3.3 Class Plus Fee).

6.4 Maturity Options

We will provide notice to you of the Maturity Options available prior to the Maturity Date of your Contract.

The Maturity Benefit may be applied to one of the following Maturity Options as selected by you:

- a) to provide an annuity payable in equal monthly instalments commencing one month after the Maturity Date. The annuity will be payable to you for a period of ten (10) years certain and monthly thereafter for as long as you shall live. The amount of each monthly instalment will be the greater of:
 - 1) the amount determined based on our annuity rates in effect at that time; or
 - 2) \$1.00 per \$1,000 of the Maturity Benefit;
- b) pay the Maturity Benefit to you as a lump sum payment;
- c) any other Maturity Benefit Option that we may offer at the Maturity Date of your Contract.

If, on the Maturity Date, you have not selected a Maturity Option as described above we will automatically:

- 1) apply option a) as described above if your Contract is a Non-registered Savings Plan or a Retirement Income Fund Plan; or
- 2) convert your Contract to a Retirement Income Fund Plan if your Contract is a Retirement Savings Plan (See Section 6.5 RSP to RIF Conversion).

6.5 Retirement Savings Plan to Retirement Income Fund Conversion

If your Contract is applied for as a Retirement Savings Plan under the Income Tax Act you may convert to a Retirement Income Fund Plan within the Contract or an equivalent Contract that we may offer at that time. In this event:

- a) the Fund Class Units at the credit of your Contract will be transferred to the same Fund Class Units of the Retirement Income Fund Plan;
- b) the retirement income payments will be in accordance with our rules and based on the minimum payments required under the Income Tax Act;
- c) the beneficiary of the Retirement Income Fund Plan will remain the same as the beneficiary of the Retirement Savings Plan unless we are notified otherwise;
- d) the Maturity Date of your Contract will not change;
- e) the Maturity Benefit, Death Benefit and GMWB Guarantees will not be affected; and
- f) the age and amount of your deposits will not change for the purpose of determining withdrawal fees.

Unless you indicate otherwise, we will convert your Retirement Savings Plan to a Retirement Income Fund Plan provided your Contract is in force on December 31 of the year you attain the maximum age for owning a registered Retirement Savings Plan. If your Contract is locked-in under pension legislation it will be converted to a locked-in Retirement Income Fund Plan in accordance with the applicable pension legislation.

The market value of Fund Class Units at the credit of your Contract are not guaranteed and will fluctuate with the value of the assets of the Fund(s).

7. DEATH BENEFIT

7.1 Death Benefit Date

The Death Benefit Date will be the Valuation Date we receive sufficient notification of the death of the Annuitant(s) in accordance with our rules. On the Death Benefit Date the market value of all Funds in a Fund Class at the credit of your Contract will be switched to the Money Market Fund of that Fund Class.

7.2 Death Benefit

We will pay a Death Benefit upon the death of the last Annuitant provided the Contract is in force and the death occurs prior to the Maturity Date.

The Death Benefit for each Fund Class will be determined effective the Death Benefit Date and will be equal to the greater of:

- a) the market value of a Fund Class at the credit of your Contract; and
- b) the Death Benefit Guarantee for that Fund Class.

If b) is greater than a) we will deposit the difference (a “top up payment”) to the Money Market Fund of that Fund Class. The top up payment will be paid from the general funds of the Company.

Upon receipt of sufficient proof of the last Annuitant’s death and of the claimant’s right to the proceeds, we will pay in one lump sum to the beneficiary the market value of the Fund Class(es) at the credit of your Contract.

There are no withdrawal fees applicable to the Death Benefit. Payment of the Death Benefit will terminate your Contract.

7.3 Death Benefit Guarantee

The Death Benefit Guarantee is determined separately for each Fund Class.

The Death Benefit Guarantee for Fund Classes B, C, D, E, G and H will be 100% of the sum of the deposits made to the applicable Fund Class.

The Death Benefit Guarantee for Fund Class F will be 75% of the sum of the deposits made to that Fund Class.

The Death Benefit Guarantee will be reduced proportionately for any withdrawals. The Death Benefit Guarantee for Class Plus will not decrease as a result of a withdrawal to pay the Class Plus Fee.

7.4 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 upon the death of the Annuitant.

7.4.1 Joint or Successor Owner

If your Contract is a Non-registered Savings Plan you may appoint a Joint or Successor Owner/Subrogated Policyholder. Joint owners shall be deemed to hold the contract as Joint

owners with right of survivorship (unless we are advised otherwise), except in Quebec. If all Contract Owners predecease the Annuitant, the Successor Owner will become the Contract Owner. However, in Quebec, or if the policy is owned jointly without right of survivorship, the Successor Owner/Subrogated Policyholder will become the Contract Owner if the applicable Contract Owner dies. If there is no Successor Owner/Subrogated Policyholder named the Annuitant will become the Contract Owner. A Successor Owner is known as a Subrogated Policyholder in the province of Quebec.

7.4.2 Successor Annuitant

If your Contract is a Non-registered Savings Plan you may appoint a Successor Annuitant at any time prior to the death of the primary Annuitant. Upon the death of the primary Annuitant the Successor Annuitant will become the Annuitant. In this event, the Contract will continue and no Death Benefit is payable at that time.

If your Contract is a Retirement Income Fund Plan and you have named your Spouse or Common-law partner as Successor Annuitant your Spouse or Common-law partner will become the Annuitant and Contract Owner upon your death. The Contract will continue and no Death Benefit is payable at that time. The retirement income payments will continue to your Spouse or Common-law partner.

If you have invested in Class Plus, we will, upon the death of the primary Annuitant:

- a) reset the Death Benefit Guarantee for Class Plus if the Successor Annuitant is less than 80 years old;
- b) perform a Class Plus Income Base Reset;
- c) perform a Bonus Base Reset;
- d) recalculate the LWA immediately following the Class Plus Income Base Reset. If the Successor Annuitant is less than 65 as of December 31st of the previous calendar year the LWA will be equal to \$0. If the Successor Annuitant is 65 or older as of December 31st of the previous calendar year cumulative withdrawals up to the LWA (as calculated for the Primary Annuitant) will be available for the current calendar year without it being considered an Excess Withdrawal.

The process as outlined above will be applied even if the Contract is in the Guaranteed Payment Phase.

The market value of Fund Class Units at the credit of your Contract are not guaranteed and will fluctuate with the value of the assets of the Fund(s).

8. GUARANTEED MINIMUM WITHDRAWAL BENEFIT - CLASS PLUS

In this section any reference to deposits to Class Plus will include switches from another Fund Class.

8.1 Transactional Processing

8.1.1 Deposits to Class Plus

When you make your initial deposit to Class Plus:

- a) the Class Plus Anniversary Date will be set to equal the Valuation Date of the initial deposit. If the Valuation Date of the initial deposit is February 29th the Class Plus Anniversary Date will be March 1st;
- b) the Maturity Date of your Contract will be set to (or changed to) December 31st of the year the Annuitant turns 120 years old;
- c) the Income Base is set to equal the initial deposit amount;
- d) the Bonus Base is set to equal the initial deposit amount;
- e) if the Annuitant is 65 or older as of December 31st of the previous calendar year, the Lifetime Withdrawal Amount ("LWA") is set to equal 5% of the Income Base and the Maximum Withdrawal Allowance is set to equal \$0;
- f) if the Annuitant is less than 65 as of December 31st of the previous calendar year, the Maximum Withdrawal Allowance is set to equal 5% of the Income Base and the LWA is set to equal \$0.

8.1.2 Subsequent Deposits to Class Plus

When you make subsequent deposits to Class Plus;

- a) the Income Base increases by the amount of the deposit;
- b) the Bonus Base increases by the amount of the deposit.

8.1.3 Withdrawals from Class Plus

When you request a withdrawal from Class Plus the Income Base is reduced by the amount of the withdrawal.

An Excess Withdrawal is a withdrawal that results in cumulative withdrawals for the calendar year to exceed the greater of the LWA or Maximum Withdrawal Allowance for that calendar year. Immediately following an Excess Withdrawal an Income Base Downward Adjustment will be processed that results in the Income Base being recalculated to be equal to the lesser of:

- a) the Income Base after the withdrawal has been processed;
- and

- b) the market value of the Class Plus Funds at the credit of your Contract after the withdrawal has been processed.

For RRIF, LIF, LRIF, and PRIF Contracts there are certain situations where we will increase the maximum guaranteed payment available for a calendar year without it being considered an Excess Withdrawal:

- a) if 100% of the market value of your Contract is in Class Plus Funds, the RRIF minimum amount will be calculated in accordance with the Income Tax Act, and if it is higher than the greater of the Maximum Withdrawal Allowance and the LWA for a calendar year, you can withdraw up to the RRIF minimum amount without it being considered an Excess Withdrawal;
- b) if some, but not all, of the market value of your Contract is in Class Plus Funds, we will calculate an adjusted GMWB RRIF minimum amount. The adjusted GMWB RRIF minimum amount uses the RRIF minimum amount calculated in accordance with the Income Tax Act and pro-rates it based on the market value of the Class Plus Funds at the credit of your Contract on December 31st of the previous calendar year as a portion of the total market value of your Contract. If the adjusted GMWB RRIF minimum amount is higher than the greater of the Maximum Withdrawal Allowance and the LWA for a calendar year, you can withdraw up to the adjusted GMWB RRIF minimum amount from Class Plus without it being considered an Excess Withdrawal.

If you have chosen to invest in Class Plus, we reserve the right to restrict the use of the spouse's age in calculating the RRIF minimum amount specifically for the purposes of determining allowances for the GMWB as outlined above.

Immediately following an Excess Withdrawal the Bonus Base will be decreased to equal the market value of the Class Plus Funds at the credit of your Contract if the market value of the Class Plus Funds at the credit of your Contract is less than the Bonus Base, otherwise it will remain unchanged.

8.2 Class Plus Anniversary Date Processing

Commencing on the third Class Plus Anniversary Date and on every third Class Plus Anniversary Date thereafter:

- a) a Class Plus Income Base Reset will be processed and, if the market value of the Class Plus Funds at the credit of your Contract is greater than the Income Base on the Class Plus Anniversary Date, the Income Base will be increased to equal the market value of the Class Plus Funds at the credit of your Contract, otherwise it will remain unchanged; and
- b) a Bonus Base Reset will be processed and, if the market value of the Class Plus Funds at the credit of your Contract is greater than the Bonus Base on the Class Plus Anniversary Date, the Bonus Base will be increased to equal the market value of the Class Plus Funds at the credit of your Contract, otherwise it will remain unchanged.

If the Class Plus Anniversary does not fall on a Valuation Date the most recent Valuation Date prior to the Class Plus Anniversary Date will be used for calculating the market value of the Class Plus Funds at the credit of your Contract.

8.3 Calendar Year Processing

8.3.1 Income Base Bonus

The Contract is eligible for Bonuses that will increase your Income Base during the first 15 calendar years following the initial deposit to Class Plus provided there have been no withdrawals from Class Plus during the calendar year. This includes the calendar year of the initial deposit.

During the eligible years, provided there are no withdrawals from Class Plus during that calendar year, the Income Base will increase by an Income Base Bonus.

Income Base Bonuses are applied to the Income Base on the last Valuation Date of the calendar year after all transactions have been processed.

Income Base Bonuses do not affect the market value of the Class Plus Funds at the credit of your Contract.

8.3.2 Lifetime Withdrawal Amount (“LWA”) and Maximum Withdrawal Allowance

Each year during which the Annuitant is 65 or older, we will calculate the LWA on each December 31st for the following calendar year. If the total withdrawals from Class Plus has not exceeded the LWA for the current calendar year, the LWA for the next calendar year will be the greater of:

- a) the LWA that has been in effect for the current calendar year; and
- b) 5% of the Income Base after all transactions have been processed.

If total withdrawals from Class Plus has not exceeded the LWA for the current calendar year, the remainder will not be added to your LWA for the next calendar year.

If total withdrawals from Class Plus has exceeded the LWA for the current calendar year, the LWA for the next calendar year will be 5% of the Income Base after all transactions have been processed.

The Maximum Withdrawal Allowance is recalculated each December 31st for the following calendar year, and will equal 5% of the Income Base after all transactions have been processed provided the Annuitant is less than 65 as of December 31st. If the Annuitant is 65 or older as of December 31st, the Maximum Withdrawal Allowance is set to equal \$0.

If total withdrawals from Class Plus has not exceeded the Maximum Withdrawal Allowance for the current calendar year, the remainder will not be added to your Maximum Withdrawal Allowance for the next calendar year.

8.3.3 Class Plus Fee

The fee you pay for the Guaranteed Minimum Withdrawal Benefit (GMWB), the Class Plus Fee, applicable to Class Plus is paid from the Contract. The Class Plus Fee is determined based on a number of factors and is calculated annually on December 31st. The calculation of the Class Plus Fee is outlined in the Information Folder.

The Class Plus Fee is collected on the first Valuation Date of the calendar year following the date of calculation through a withdrawal of Fund Class Units. The allocation of Fund Class Units being withdrawn for the purposes of paying the Class Plus Fee is outlined in the Information Folder.

Withdrawals to pay for the Class Plus Fee will not reduce the Maturity and Death Benefit Guarantees or the Income Base of the GMWB for Class Plus. Additionally, this withdrawal will not be included in determining if Excess Withdrawals have occurred during the calendar year.

During the Guaranteed Payment Phase, no Class Plus Fee will be charged.

8.4 Guaranteed Payment Phase

If the Market Value of the Class Plus Funds at the credit of your Contract equals \$0 and the Income Base or LWA has a positive value, your Contract will not terminate but will move into the Guaranteed Payment Phase. Once in the Guaranteed Payment Phase, the Contract will continue to provide for annual payments to you, subject to the following withdrawal limits:

- a) if the Annuitant is less than 65 as of December 31st of the previous calendar year, up to the Maximum Withdrawal Allowance until the earliest of the following three events:
 - 1) the Income Base equals \$0;
 - 2) the Contract reaches the Maturity Date; or
 - 3) on death of the Annuitant.
- b) if the Annuitant is 65 or older as of December 31st of the previous calendar year, up to the LWA for the life of the Annuitant.

No deposits can be made to Class Plus during the Guaranteed Payment Phase.

9. MATURITY AND DEATH BENEFIT GUARANTEE RESETS

If you have invested in Fund Classes B, C, D, E and F you may reset the Maturity and Death Benefit Guarantees twice per calendar year provided there is at least ten (10) years to the Maturity Date of your Contract.

If you have invested in Class Plus the Death Benefit Guarantee is reset automatically commencing on the third Class Plus Anniversary Date and every third Class Plus Anniversary Date thereafter prior to the Annuitant's 80th birthdate. The Death Benefit Guarantee is also automatically reset at the Annuitant's 80th birth date. If the Class Plus Anniversary Date or the Annuitant's 80th birthdate is not a Valuation Date the most recent Valuation Date prior to the Class Plus Anniversary Date or the Annuitant's 80th birth date will be used for calculation purposes. There are no resets available for the Maturity Benefit Guarantee for Class Plus.

If we receive your request to reset the Maturity and Death Benefit Guarantees prior to the cut-off time, that Valuation Date will be used to calculate the market value of a Fund Class at the credit of your Contract. If we receive your request after the cut-off time, the market value of a Fund Class at the credit of your Contract will be determined effective the next Valuation Date.

The new Maturity Benefit Guarantee and 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 at the credit of your Contract had occurred. If the new Maturity Benefit Guarantee is greater than the current Maturity Benefit Guarantee the Maturity Benefit Guarantee will be increased to equal the new Maturity Benefit Guarantee. Otherwise the Maturity Benefit Guarantee will remain as it was prior to the date of your request. If the new Death Benefit Guarantee is greater than the current Death Benefit Guarantee the Death Benefit Guarantee will be increased to equal the new Death Benefit Guarantee. Otherwise the Death Benefit Guarantee will remain as it was prior to the date of your request.

We reserve the right to refuse your request to reset your Maturity and Death Benefit Guarantees or to change the reset features, according to our rules. We also reserve the right to remove this provision from the Contract at any time. We will provide notice to you 60 days prior to the cancellation of this provision.

10. VALUATION

10.1 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:

- a) the Fund Class Units for that Fund at the credit of your Contract; multiplied by
- b) the Fund Class Unit Value for that Fund on the Valuation Date coincident with or next following the date of determination.

The market value of a Fund Class at the credit of your Contract will be the sum of the market value of all Fund Class Units at the credit of your Contract for all Funds in that Fund Class.

10.2 Market Value of your Contract

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

- a) the market values of all Fund Classes at the credit of your Contract; and
- b) any deposit that we have received, less any applicable sales charges, which has not yet been applied towards the purchase of Fund Class Units.

10.3 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. 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 dividing the Fund Class proportionate share of the market value of the net assets of the Fund attributable to all Fund Classes less operating expenses and management fees including taxes attributable solely to a Fund Class, by the number of Fund Class Units of the respective Fund outstanding on the Valuation Date.

10.4 Valuation of a Fund

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.

10.5 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.

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.

II. SEGREGATED FUNDS INVESTMENT OPTION

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 Allocation of Deposits.

11.1 Fund Class Availability

Fund Classes B, C, D, E, F, G and H are currently available under the terms of this Contract.

You may invest in Fund Class B, Fund Class C and Fund Class G Units within the same Contract. You may invest in Fund Class D, Fund Class E and Fund Class H Units within the same Contract. No other Fund Class combinations are available within the same Contract.

Fund Class F Units are only available to institutional investors who have entered into an agreement with Empire Life. No management fees are charged to the Funds with respect to Fund Class F. Each institutional investor negotiates a fee that is paid directly to Empire Life. The minimum deposit and balance requirements are negotiable between the Contract Owner and Empire Life. There are no sales charges applicable to Fund Class F Units.

11.2 Segregated Fund Availability

The Funds currently available within each Fund Class will be as outlined in the Information Folder. We reserve the right to change the Funds available within a Fund Class without providing advance notice to you.

11.3 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 to the new Fund Classes. All terms and conditions as provided for under the terms of your Contract will also apply to any new Fund(s) or Fund Classes.

We reserve the right to delete an existing Fund or Fund Class. We will provide notice to you at least 60 days prior to the deletion date of the Fund or Fund Class and of the options available to you as a result of a Fund or Fund Class being deleted.

11.4 Splitting of Fund Class Units

We may, at any time, re-determine the number of Fund Class Units in a Fund. Any redetermination of the number of Fund Class Units will be accompanied by a revaluation of Fund Class Units so that the market value of Fund Class Units at the credit of your Contract in the respective Fund will remain the same before and after such re-determination.

11.5 Merging 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 a merger. Within the notice we will advise of the options available to you as a result of the merger.

11.6 Fundamental Changes

A fundamental change includes:

- a) an increase in the management fee of a Fund in a Fund Class;
- b) a change in the fundamental investment objectives of a Fund;
- c) a decrease in the frequency that Fund Class Units of a Fund are valued; or
- d) an increase in the Class Plus Fee if the increase is higher than the maximum allowable.

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 be waived provided your notice to us advising of the option you have selected is received at least five (5) 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.

12. RETIREMENT SAVINGS PLAN ENDORSEMENT

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

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

- 1) Retirement income payments under the Contract may not be assigned in whole or in part.
- 2) In the event of your death prior to the settlement of the Contract, the proceeds will be payable in one sum.
- 3) The right to select a retirement income is limited to those described in subsection 146(1) of the *Income Tax Act* (Canada).
- 4) Annuity payments to you, or to your Spouse or Common-law partner shall 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).
- 5) 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.

- 6) No advantage that is conditional in any way on the existence of this Contract will be extended to you or to a person with whom you were not dealing at arm's length other than as specified in the *Income Tax Act* (Canada).
- 7) Your Contract must mature on or before the latest date specified in the *Income Tax Act* (Canada) for Retirement Savings Plans.
- 8) No deposits may be made following the Maturity Date of your Contract.
- 9) 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).

13. RETIREMENT INCOME FUND ENDORSEMENT

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

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

- 1) No payments will be made from the Contract except as provided within the Policy Provisions and as provided under Section 146.3 of the *Income Tax Act* (Canada).
- 2) Neither the ownership or any payment due may be assigned, in whole or in part.
- 3) Upon 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 Policy Provisions.
- 4) We will transfer, in whole or in part, at your direction, the market value of your Contract as determined in accordance with the Policy Provisions, together with all information necessary for the continuance of the Retirement Income Fund, to another company who has agreed to be a carrier of another Registered Retirement Income Fund for you. We will pay to you the balance of the minimum payment required under the Retirement Income Fund Plan for the year in which the transfer is made in accordance with the *Income Tax Act* (Canada).
- 5) We will not accept deposits other than money transferred from one of the allowable sources as described under the *Income Tax Act* (Canada).
- 6) No benefit or loan that is conditional in any way on the existence of this Contract will be extended to you or to any person with whom you are not dealing at arm's length other than as specified in the *Income Tax Act* (Canada).

Focused Solutions. Superior Service.

The mission of The Empire Life Insurance Company (Empire Life) is to provide solutions for the changing financial security and wealth management needs of Canadians. We offer a range of individual and group insurance and investment products, retirement and corporate services and employee benefits programs.

We are rated A (Excellent) by A.M. Best Company¹ and *Financial Post Business* magazine has ranked us among the top 10 life insurance companies in Canada.²

Our success is based on our commitment to being approachable and responsive to the needs of our clients and business partners, on consistently solid investment performance, and on faith in our employees as future leaders.

¹ As at June 2, 2008

² June 2008, based on revenue

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