


CP2

EMPIRE LIFE CLASS PLUS 2

SELLING AND SERVICING CLASS PLUS 2

Guaranteed retirement
income for life™



Class Plus 2 gives your clients the peace of mind that comes with knowing they can have guaranteed retirement income for life.*

CLASS PLUS 2 HIGHLIGHTS

Flexibility: Single and joint tiered guaranteed income options available as early as age 55

5% Income Base Bonus in every year that no withdrawals are made **

Auto Income Reset: Client is not tied to same payout rate for life but moves to the next LWA percentage tier based on age***

Retirement Income Privilege: Clients can choose to discontinue their income payments and then resume at any time without penalty to their Income Base Bonus

Low minimum investment of \$10,000

Valuable Segregated Fund guarantees: 100% Death Benefit Guarantee; 75% Maturity Benefit Guarantee

Triennial Resets: Death Benefit Guarantee,¹ Income Base and Bonus Base automatically reset every 3 years

Potential for more growth with 3 investment options offering 80% equity exposure

Excess Withdrawal Alert service to safeguard clients' guaranteed income

Client friendly DSC and Low-Load schedules

Competitive management fees and Annual Fund Fee Rates (0.50% - 1.10%)

KEY REASONS YOUR CLIENTS WANT CLASS PLUS 2

- Sustainable, predictable, guaranteed income for life
- Retirement savings that are sheltered from market downturns

TARGET MARKET

- Pre-retirees, ages 45-65: focus on the annual 5% Income Base Bonus during accumulation phase and the guaranteed retirement income for life during payout phase
- Retirees, ages 55 and older: focus on tax-efficient guaranteed retirement income for life and a potential increase of future guaranteed income through resets and the automatic 5% Income Base Bonus in any year no withdrawal is made
- Clients without a pension plan e.g. small business owners, professionals

*Making an excess withdrawal may decrease the guaranteed retirement income for life amount. Guaranteed retirement income for life can start as early as the year the Annuitant turns 55.

** Income Base Bonus has no cash value and is not available for withdrawal.

***Age as of December 31st of the following calendar year.

¹ Only resets until age 80

SALES STRATEGIES

Here are some Class Plus 2 sales strategies you can use with your clients:

1. TFSA and Class Plus 2*

- With its accessible minimum investment of \$10,000, Class Plus 2 is a great option for a TFSA. It can provide tax-free guaranteed income for life that won't trigger a claw back of government sponsored benefits.

2. RRSP Loans**

- An RRSP loan can make a significant difference when it comes to your clients' comfortable retirement. Class Plus 2 is an eligible investment for RRSP loans (not for leveraged loans) so get them started.

3. Legacy Planning and "Ageless Investing"***

- Clients over 80 seeking to pass on guaranteed income for life to heirs in a tax-efficient manner may name someone else as an annuitant on a non-registered policy.

4. Switch before the reset

- Switch to a more conservative fund to preserve market growth prior to the reset on the anniversary date.

5. Keep it simple

- Use a simplified illustration to introduce Class Plus 2, and then present a full, customized illustration showing up and down market conditions for the sales interview and disclosure (have the client sign it!). The ledger page provides a helpful focus during the sales interview.
- Illustrations are particularly compelling for RRSP to RRIF policies as they show the higher of the government prescribed minimum RIF payment or the Lifetime Withdrawal Amount during the RRIF payout phase.

6. 5% Income Base Bonus is NOT prorated...

- ...so deposits late in the year still get the full bonus. It's never too late in the year to invest in Class Plus 2. And once your clients are in Class Plus 2...

7. ...conduct annual client reviews

- Reinforce the benefit guarantees and benefits of Class Plus 2 (refer to the Semi-Annual Client Statements) and review the asset allocation in advance of the triennial anniversary date reset.

*Only available as a Single Tiered Lifetime Withdrawal Option **Underwritten by AGF Trust or B2B Bank. The RSP Loans are offered by AGF Trust Company, a wholly owned subsidiary of B2B Bank. AGF Trust RSP Loans are subject to clients meeting AGF Trust Company lending criteria. B2B Bank does not provide investment advice to individuals or advisors. The dealer and advisor, not B2B Bank, are responsible for determining the suitability of investments for their clients and for informing them of the risks associated with borrowing to invest. B2B Bank acts solely in the capacity of lender and loan account administrator. Any loan approval by B2B Bank should not be construed as an endorsement of any investment choice, program or strategy. All loans are subject to credit approval and borrowed monies are due and payable regardless of the performance of the investments purchased. B2B Bank reserves the right to request additional information at its sole discretion. ®B2B Bank is a registered trademark of B2B Bank.***Successor Annuitant may only be appointed for a Single Tiered LWA Option



THINGS TO REMEMBER ABOUT CLASS PLUS 2

1. Income Base

- The Income Base is used to calculate the guaranteed retirement income for life, or the Lifetime Withdrawal Amount (LWA), and is the total of all deposits, less any withdrawals, plus any Income Base Bonuses. It is initially set to equal the amount of the deposit to Class Plus 2.
- It has no cash value and is not available for withdrawal from Class Plus 2.

2. Excess Withdrawals

- The market value of Class Plus 2 can be accessed at any time. However, withdrawing more than the annual guaranteed amount could have a negative impact on the LWA if the market value of Class Plus 2 is lower than the Income Base.

3. Triennial resets

- If the market value of Class Plus 2 is higher than the current value in any or all of the following: Income Base, DBG,* and Bonus Base at the time of the reset, these values will be reset to the higher amount on a triennial anniversary date. If the market value of Class Plus 2 is lower than the current values, no reset will occur.

4. Class Plus 2 assets should be for retirement income only

- To avoid Excess Withdrawals and a potential downward adjustment of the Income Base, encourage clients to make unplanned or discretionary withdrawals from other sources.

5. Taxation of Class Plus 2

- In a non-registered policy, Class Plus 2 withdrawals provide a tax-efficient guaranteed income stream. Withdrawals are comprised largely of a return of capital, which is not taxed. Income earned by a fund in the year is allocated out and taxable in the hands of the contract owner. Any growth that is taxable upon withdrawal is treated as a capital gain, which is only 50% taxable.

6. Policies are Protected by Assuris**

- Please refer to www.assuris.ca

*Resets of Death benefit only occur until age 80

**If a company fails, the value of investments in segregated funds are not affected. The policy would be transferred to another solvent company for ongoing administration and the promised guaranteed amounts are protected by Assuris up to their limits. Full details on Assuris protection, including limits and restrictions, can be found on their website at www.assuris.ca

ADMINISTRATIVE TIPS

1. No transfers from Elite/Elite XL Plans to Class Plus 2 Plans

- These transfers are processed as a sell and a buy, with any applicable DSC and new deposit commission generated. The sell occurs one day, the buy the following day.
- Remember, Elite/Elite XL plans offer GIOs, Treasury Interest Option and Segregated Funds, all in a single policy. And Elite XL, our no-load product, pays deposit commission and a higher trailer than Elite or Class DSC.

2. No switches between sales charge options

- Switches between sales charge options are not permitted (e.g. switching the 10% DSC-free amount to 0% FE), so consider choosing Low-Load or Front-End Load.
- Any sale of DSC units and a subsequent purchase of Low-Load or Front-End Load units will be treated as a withdrawal and deposit.

3. DSC-free withdrawal amounts are per Policy

- For payout policies (RRIFs, LIFs, SWPs), your client can withdraw their DSC-free amount from any combination of funds held within the policy without incurring any DSC charges, provided they do not exceed the total DSC-free amount for the calendar year.

4. Payment option instructions

- Government regulations and administrative rules change. It is not necessary to indicate the "RRIF Minimum" or "LWA" at the time of application unless immediate income is required. The default option of the minimum RRIF payment on December 15th, can be changed with a letter of direction or the Empire Class Segregated Funds Investment Instructions Form (INP-0120) at any time.

5. Age 80 rules

- The maximum issue age and the maximum age for additional deposits to Class Plus 2 is December 31st of the year the Annuitant turns 80.
- The last reset of the Death Benefit Guarantee value is on the Annuitant's 80th birthday. The Income Base and Bonus Base continue to be reset every 3 years for life.
- Non-registered policies permit the owner to name another person as Annuitant (see Legacy Planning and Ageless Investing in Sales Ideas).

6. Home Buyer's Plan or Lifelong Learning Plan withdrawals

- While these types of withdrawals are permitted for RRSP plans, they may trigger an Excess Withdrawal and reduce future guaranteed income.

7. Limitations with locked-in funds

- Once your client is eligible to receive the LWA, if the government-prescribed maximum amount is lower than the LWA, your client may be paying for a guarantee they may not be able to enjoy.
- If the government-prescribed maximum amount is more than the LWA, withdrawing it will be considered an Excess Withdrawal.
- If pension legislation allows for unlocking, the amount unlocked could result in an Excess Withdrawal.

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Empire Life is among the top 10 life insurance companies in Canada¹ and is rated A (Excellent) by A.M. Best Company². Our vision is to be the leading, independently-owned, Canadian financial services company committed to simplicity, being easy to do business with and having a personal touch.

¹ Source: Office of the Superintendent of Financial Institutions (OSFI) and company annual reports, based on general and segregated fund assets

² As at June 29, 2012

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