

# THE POWER OF TWO



## **Class Plus 2.1 and the Empire Life Dividend Balanced GIF**

This powerful duo gives you the potential to grow your retirement income - and your nest egg - by tapping the power of Income Base Bonuses, Income Base Resets, and dividend-paying stocks.

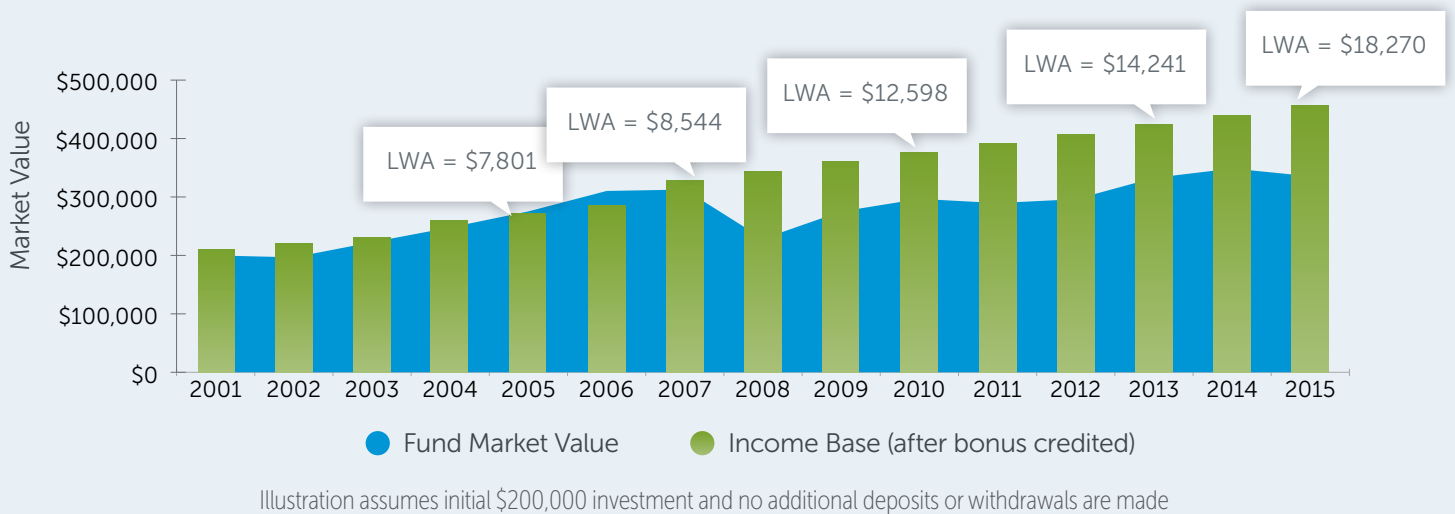
## **Power of Two Working for You**

Julie aged 51, plans to retire in 15 years. She is looking for growth potential and predictable retirement income. She invests \$200,000 in a Class Plus 2.1 policy invested in the Empire Life

Dividend Balanced GIF and does not make any withdrawals prior to her retirement.<sup>1</sup> Julie's Income Base is increased by the annual 5% Income Base Bonus, combined with the market performance of the Dividend Balanced GIF<sup>2</sup> and the triennial Income Base Resets. As a result, her Income Base grew from \$200,000 to \$456,743 and increased her Lifetime Withdrawal Amount (LWA) from \$7,801 to \$18,270.


*More about Julie and the Power of Two* →

## How the Income Base Reset works for Julie



Every third anniversary, if the market value of Class Plus 2.1 is greater than the current Income Base, the Income Base will be reset to equal the market value of Class Plus 2.1.

- In 2004, Julie's first triennial reset, the market value of Class Plus 2.1 at \$248,000 was greater than the Income Base, so the Base was reset to \$248,000. After the Income Base Bonus was added, the Base totalled \$260,038.
- In 2005, Julie turns 55 and becomes eligible for her Lifetime Withdrawal Amount, if she wanted to start receiving income. Due to the annual Bonuses, and the 2004 reset, her LWA has increased to \$7,801 a year.
- In 2007, Julie's second reset, the market value was \$313,000, so the Income Base was reset to \$313,000. With the Bonus, the Base totalled \$328,631. The LWA increased to \$8,544.
- In 2010, Julie's third reset, the market value was \$297,000. As this was lower than the Income Base, no reset occurred. However, the Base still increased to \$375,578 with the addition of the Bonuses. The LWA increased to \$12,598.
- In 2013, Julie's fourth reset, the market value was \$332,656. As this was lower than the Income Base, no reset occurred. However, the Base still increased to \$423,498 with the addition of the Bonuses. The LWA increased to \$14,241.



## Class Plus 2.1: How it provides guaranteed retirement income for life

Class Plus 2.1 helps give you the peace of mind that comes with knowing you can have predictable income in retirement.

- Annual 5% Income Base Bonus<sup>3</sup>
- Single and joint life tiered Lifetime Withdrawal Amount options available as early as age 55
- Automatic Income Reset: You are not tied to same payout rate for life but move to the next LWA percentage tier based on your age
- Retirement Income Privileges: Choose to discontinue your income payments and then resume at any time
- Death Benefit Guarantee, Income Base and Bonus Base automatically reset every three years<sup>4</sup>

- Excess Withdrawal Alert service protects your guaranteed retirement income
- 75% Death Benefit Guarantee and 75% Maturity Benefit Guarantee

## About the Empire Life Dividend Balanced GIF

Dividend Balanced GIF taps the power of dividend-paying stocks for higher income potential.

- Comprised of 80% Dividend Growth GIF and 20% Bond GIF
- Dividends have accounted for 52% of the S&P/TSX Composite's Total Returns<sup>5</sup>
- Dividend-paying stocks have delivered higher returns with less volatility and provide capital appreciation and yield to potentially generate long-term growth



Get the Power of Two working for you. Speak to your advisor or visit [empire.ca](https://empire.ca).

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Empire Life is among the top 10 life insurance companies in Canada<sup>1</sup> and is rated A (Excellent) by A.M. Best Company<sup>2</sup>. Our mission is to make it simple, fast and easy for Canadians to build wealth, generate income, and get the insurance and group benefits coverage they need.

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<sup>1</sup> Based on general fund and segregated fund assets in Canada as at December 31, 2015 as reported in regulatory filings

<sup>2</sup> As at May 27, 2016

<sup>1</sup> Assumes initial \$200,000 investment made on December 25, 2001 (anniversary date) and no additional deposits or withdrawals are made. Triennial reset date is December 25 of each reset year. The client is assumed to be more than 64 years as of December 31, 2015.

<sup>2</sup> For illustrative purposes, scenario's market value is based on hypothetical and historical fund returns: For the period January 1, 2001 to July 31, 2010, (period prior to the inception date of the Dividend Balanced Fund), the hypothetical fund returns are approximated using the net returns of Empire Life Dividend Growth Fund – Class A at 80% weight and Empire Life Bond Fund – Class A at 20% weight; For the period August 1, 2010 to December 31, 2015, net returns of the Empire Life Dividend Balanced – Class G are used. No withdrawals (LWA or Excess) are assumed to occur in any year between the initial investment date and the last time period shown in the chart. Other Class Plus 2.1 Funds that may be held by the client in the same contract are not considered in this scenario. Taxation of any payments from Class Plus 2.1 is not considered in this scenario.

<sup>3</sup> Income Base Bonus is a notional amount added to the Income Base at the end of each calendar year if no withdrawals are made for that year.

<sup>4</sup> Death Benefit Guarantee only resets until Annuitant's age 80.

<sup>5</sup> Source: Bloomberg, for the period from December 31, 1990 to December 31, 2015.

Past performance is no guarantee of future performance. A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. **Any amount that is allocated to a Segregated Fund is invested at the risk of the contract owner and may increase or decrease in value.**

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