

EMPIRE LIFE CLASS PLUS

SCENARIO GUIDE

Guaranteed retirement
income for life®



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CLASS PLUS SCENARIO GUIDE

The Class Plus® Scenario Guide has been designed to help explain certain features of Class Plus. For illustration purposes, the market value of Class Plus is exaggerated to show how certain product features work in different situations.

CLASS PLUS SCENARIO GUIDE

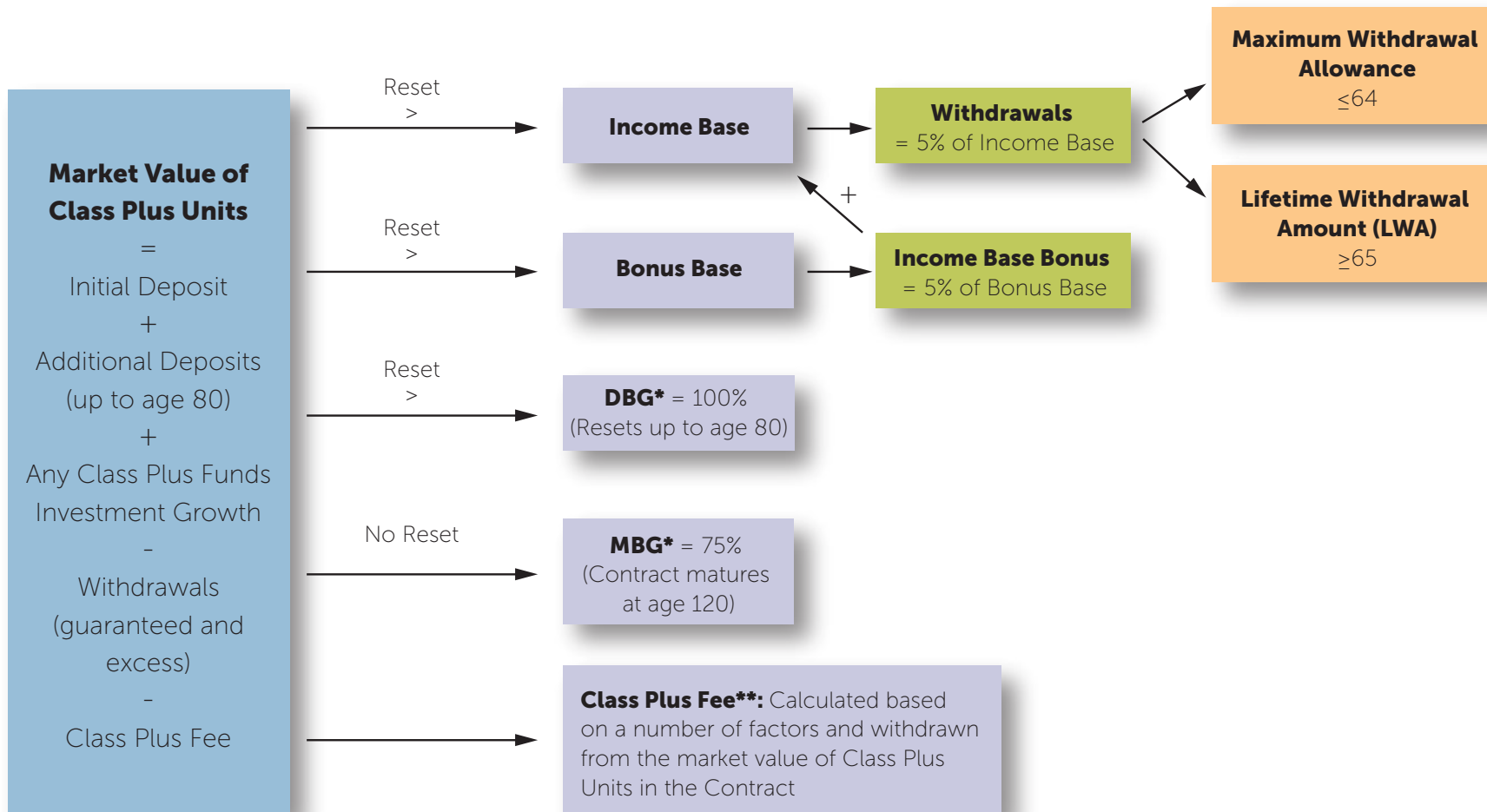
| GMWB COMPONENT | DESCRIPTION | NOTES |
|----------------------------------|---|---|
| Income Base | The value which is the basis for determining the Maximum Withdrawal Allowance or the Lifetime Withdrawal Amount (LWA) each calendar year for Class Plus. | <p>The Income Base is equal to the initial deposit to Class Plus.</p> <p>The Income Base increases:</p> <ul style="list-style-type: none"> a) With any subsequent deposits to Class Plus; b) On the last Valuation Date of each calendar year by any Income Base Bonus; and c) On every third Class Plus Anniversary Date as a result of a Class Plus Income Base Reset <p>The Income Base decreases:</p> <ul style="list-style-type: none"> a) For withdrawals from Class Plus; and b) Additionally for withdrawals that exceed the LWA or the Maximum Withdrawal Allowance |
| Bonus Base | The amount used to calculate the Income Base Bonus at the end of the calendar year for Class Plus. | <p>The Bonus Base will be equal to the initial deposit to Class Plus. The Bonus Base increases:</p> <ul style="list-style-type: none"> a) by the amount of any subsequent deposits to Class Plus; and b) on every third Class Plus Anniversary Date as a result of a Bonus Base Reset. <p>The Bonus Base may decrease for Excess Withdrawals.</p> |
| Bonus Base Reset | An increase to the Bonus Base equal to the market value of the Class Plus Funds, 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 following the initial deposit to Class Plus, a Class Plus Bonus Base Reset may occur resetting the Bonus Base. |
| Income Base Bonus | An amount added to the Income Base at the end of each year following the initial deposit to Class Plus. | Income Base Bonuses are applied to the Income Base on the last Valuation Date of the calendar year after all transactions have been processed, provided no withdrawals are made for that year from Class Plus. |
| Class Plus Income Base Reset | An increase to the Income Base equal to the market value of the Class Plus Funds, 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 may occur resetting the Income Base, and/or the DBG. |
| Lifetime Withdrawal Amount (LWA) | 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 64 years or older as of December 31 st of the previous calendar year, and an Excess Withdrawal does not occur. | <p>The LWA is calculated 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:</p> <ul style="list-style-type: none"> 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. <p>If total withdrawals from Class Plus have not exceeded the LWA for the current calendar year, the remainder will not be added to the LWA for the next calendar year.</p> |
| Maximum Withdrawal Allowance | The maximum withdrawal amount, for Annuitants younger than 64 years of age as of December 31 st of the previous calendar year, available from Class Plus for a calendar year without it being considered an Excess Withdrawal. | The Maximum Withdrawal Allowance is first calculated upon the initial deposit to Class Plus and is effective until December 31 st of the same calendar year. The Maximum Withdrawal Allowance is recalculated each December 31 st for the following calendar year and will equal 5% of the Income Base after all transactions have been processed. |
| Income Base Downward Adjustment | A potential reduction to the Income Base that occurs immediately following an Excess Withdrawal from Class Plus | See Excess Withdrawal calculation |

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| GMWB COMPONENT | DESCRIPTION | NOTES |
|--------------------------|---|---|
| Excess Withdrawal | When total withdrawals from Class Plus in a calendar year exceed the greater of the Lifetime Withdrawal Amount or the Maximum Withdrawal Allowance. | If an Excess Withdrawal is made, we will immediately apply an Income Base Downward Adjustment by recalculating the Income Base to be 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 the Contract after the withdrawal has been processed. |
| Excess Withdrawal Alert | A service available as a safeguard to help protect against the results of an unintentional Excess Withdrawal. | If the service is on, should there be a withdrawal request that exceeds the annual LWA/Maximum Withdrawal Amount, in most circumstances, the request will not be processed until further authorization is received. Certain common transactions are exempt from the EWA service, such as transactions that are partial or full transfers out of the account (T2033). Note that, although the EWA service will not apply, if the transaction results in an Excess Withdrawal, the Income Base Downward Adjustment will apply in accordance with the contract provisions. |
| Class Plus Fee | The fee payable for the Guaranteed Minimum Withdrawal Benefit (GMWB). The Fund fee rates are applicable to all Funds in Class Plus and are used in calculating the Class Plus Fee. | The Class Plus Fee is calculated and collected on the last Valuation Date of each calendar year. The Class Plus Fee is paid through the withdrawal of Fund Class Units from Class Plus. Withdrawals to pay the fee will not reduce the Maturity and Death Benefit Guarantees or the Income Base. Additionally, this withdrawal will not be included in determining if Excess Withdrawals have occurred during the calendar year. The Class Plus Fee is not subject to Goods and Services Tax (GST). |
| Successor Annuitant | If the Contract is a Non-registered Savings Plan a Successor Annuitant may be appointed 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. A previously appointed Successor Annuitant can be changed at any time. | Upon the death of the primary Annuitant, Contracts holding Fund Class Units in Class Plus will have the following occur if a Successor Annuitant has been appointed: a) A reset of the Death Benefit Guarantee will be performed if the Successor Annuitant is less than 80 years of age; 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 64 as of December 31 st of the previous calendar year; e) If the Successor Annuitant is 64 or older as of December 31 st 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 does not take out withdrawals, the Contract may be eligible for the Income Base Bonus. |
| Guaranteed Payment Phase | When the market value of Class Plus Funds is \$0, and the Income Base has a positive value, the LWA or the Maximum Withdrawal Allowance payments will continue, subject to specified conditions. | Conditions: a) if the Annuitant is less than 64 as of December 31 st 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 64 or older as of December 31 st 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. |

KEY TERMS

The following chart illustrates certain key terms and how they relate to each other. Resets occur on every third Class Plus Anniversary Date.



Note: Resets may result in the Income Base, the Bonus Base, and/or the DBG increasing. All three variables may reset, depending on the market value of Class Plus Units. They are independent of each other.

*MBG and DBG are reduced proportionately for all withdrawals, except for withdrawals to pay the Class Plus Fee.

**The Class Plus Fee will not reduce the Income Base, DBG, or the MBG.

CLASS PLUS SCENARIO 1 (A-J):

The following scenario has been divided into several sections (A-J); each section highlights an aspect of Class Plus. The market value of Class Plus Units is hypothetical and has been exaggerated in most cases to illustrate the most common situations that could occur during an investment period. The Class Plus Fee has not been included for simplicity.

Scenario 1:

Jim is 50 years old, he currently has \$250,000 in a non-registered savings account. He is looking to retire in 15 years and would like to benefit from the Income Base Bonus before withdrawing his Lifetime Withdrawal Amount (LWA). Jim turned 51 on January 15th, 2008.

Scenario 1-A: Resetting the Bonus and the DBG, but not the Income Base

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|-----------------|-----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 51 | 01-Feb-08 | Initial Deposit | \$250,000 | \$250,000 | \$250,000 | | \$250,000 | \$12,500 | – | \$250,000 |
| 51 | 31-Dec-08 | Bonus | | \$254,571 | \$250,000 | \$12,500 | \$262,500 | \$13,125 | \$0 | \$250,000 |
| 52 | 31-Dec-09 | Bonus | | \$259,663 | \$250,000 | \$12,500 | \$275,000 | \$13,750 | \$0 | \$250,000 |
| 53 | 31-Dec-10 | Bonus | | \$264,856 | \$250,000 | \$12,500 | \$287,500 | \$14,375 | \$0 | \$250,000 |
| 54 | 01-Feb-11 | Reset | | \$265,316 | \$265,316 | – | \$287,500 | – | – | \$265,316 |
| 54 | 31-Dec-11 | Bonus | | \$270,153 | \$265,316 | \$13,266 | \$300,766 | \$15,038 | \$0 | \$265,316 |
| 55 | 31-Dec-12 | Bonus | | \$310,795 | \$265,316 | \$13,266 | \$314,032 | \$15,702 | \$0 | \$265,316 |

- Jim's Bonus Base and Income Base are equal to his initial deposit. Jim's deposit date and Class Plus Anniversary Date is February 1, 2008. The triennial reset will occur every February 1st, if applicable.
- The first reset occurs on February 1, 2011. Resets occur only if the market value of Class Plus Units is higher than the Income Base, the Bonus Base, and/or the Death Benefit Guarantee (DBG). In this case, the Bonus Base and the DBG are reset to equal the market value of Class Plus Units.
- The Bonus Base Reset resulted in the Income Base Bonus increasing to \$13,266 (5% of \$265,316) from \$12,500.
- No withdrawals were made in the first 5 years, therefore Jim received the Income Base Bonus for the first 5 years.
- If Jim wanted to withdraw money in the first year, then his Maximum Withdrawal Allowance would first be calculated upon his initial deposit and is effective until December 31st of the same calendar year. Therefore, the Maximum Withdrawal Allowance would be \$250,000 X 5%=\$12,500.

CLASS PLUS SCENARIO 1 (A-J):

Scenario 1-B: Effect of resets and withdrawals on the Income Base, market value of Class Plus Units, the Bonus Base, and the DBG.

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|------------------------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 56 | 31-Dec-13 | Bonus | | \$357,415 | \$265,316 | \$13,266 | \$327,297 | \$16,365 | \$0 | \$265,316 |
| 57 | 01-Feb-14 | Reset | | \$358,036 | \$358,036 | – | \$358,036 | – | – | \$358,036 |
| 57 | 31-Dec-14 | Maximum Withdrawal Allowance | \$16,365 | \$348,198 | \$358,036 | \$0 | \$341,671 | \$17,084 | \$0 | \$341,964 |
| 58 | 31-Dec-15 | Maximum Withdrawal Allowance | \$17,084 | \$338,078 | \$358,036 | \$0 | \$324,588 | \$16,229 | \$0 | \$325,515 |

- On February 1, 2014, Jim's second reset, the market value of Class Plus Units was higher than the Bonus Base, the Income Base, and the DBG; so all three variables are reset to equal the market value of Class Plus Units. At the end of the same year, Jim decides to take out withdrawals that are equal to the Maximum Withdrawal Allowance ($\$327,297 \times 5\% = \$16,365$). Jim is only eligible to receive the Maximum Withdrawal Allowance as he is younger than 64.
- Because Jim did not exceed his withdrawal allowance, the Bonus Base did not decrease; therefore his Bonus Base amount remained the same the following year. However, the market value of Class Plus Units and the Income Base were reduced for the withdrawal amount. The DBG was reduced proportionately for withdrawals (Annuitant DBG at age 57 = $\$358,036 \times (1 - \$16,365 / (\$16,365 + \$348,198)) = \$341,964$).
- Jim did not receive an Income Base Bonus for the 2 years in which withdrawals were made.

Scenario 1-C: Effect of Excess Withdrawals on the Bonus Base

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|-------------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 59 | 31-Dec-16 | Bonus | | \$344,859 | \$358,036 | \$17,902 | \$342,489 | \$17,124 | \$0 | \$325,515 |
| 60 | 01-Feb-17 | Reset | | \$345,458 | \$358,036 | – | \$345,458 | – | – | \$345,458 |
| 60 | 31-Dec-17 | Bonus | | \$351,756 | \$358,036 | \$17,902 | \$363,360 | \$18,168 | \$0 | \$345,458 |
| 61 | 31-Dec-18 | Excess Withdrawal | \$30,000 | \$328,791 | \$328,791 | \$0 | \$328,791 | \$16,440 | \$0 | \$316,573 |

- A third reset occurs on February 1, 2017, resulting in the Income Base and the DBG resetting to equal the higher amount of the market value of Class Plus Units.
- In the 11th year, in addition to the \$18,168 of MWA, Jim took out an additional withdrawal of \$11, 832, for a total of \$30,000. This amount is higher than the 5% Maximum Withdrawal Allowance of \$18,168. The \$30,000 is an Excess Withdrawal. Excess Withdrawal results in an immediate Downward Adjustment. This means that the Bonus Base and the Income Base will be recalculated. For the Income Base, it will become the lesser of the Income Base or the market value of the Class Plus units after the withdrawals have been processed. For the Bonus Base, it will become the lesser of the Bonus Base or the market value of Class Plus Units after the withdrawals have been processed. In this case, the Bonus Base and the Income Base are recalculated to equal the market value of Class Plus Units as it is less than the current Bonus Base and Income Base. Each subsequent Income Base Bonus will be calculated based on \$328,791 ($\$328,791 \times 5\% = \$16,440$) instead of \$358,036 ($\$358,036 \times 5\% = \$17,902$), unless a reset occurs.

CLASS PLUS SCENARIO 1 (A-J):

Scenario 1-D: Market value of Class Plus Units lower than the Bonus Base and the Income Base

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|-----------------------|--------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 62 | 31-Dec-19 | Bonus | | \$335,367 | \$328,791 | \$16,440 | \$345,231 | \$17,262 | \$0 | \$316,573 |
| 63 | 01-Feb-20 | Only DBG Reset | | \$321,645 | \$328,791 | – | \$345,231 | – | – | \$321,645 |
| 63 | 31-Dec-20 | Bonus | | \$315,753 | \$328,791 | \$16,440 | \$361,670 | \$18,084 | \$0 | \$321,645 |
| 64 | 31-Dec-21 | Bonus | | \$322,068 | \$328,791 | \$16,440 | \$378,110 | \$0 | \$18,905 | \$321,645 |

- On February 1, 2020 the market value of Class Plus Units was lower than the Bonus Base and the Income Base, but not the DBG. Therefore, only the DBG is reset and the Income Base and the Bonus Base will remain unchanged.
- As Jim is 64 in 2021, his MWA for the following calendar year is 0. However, he will be eligible to receive the Lifetime Withdrawal Amount in the following calendar year as he will be 65 then. The LWA for the following year is set at \$18,905.

Scenario 1-E: Start of payout period

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|--------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 65 | 31-Dec-22 | LWA | \$18,905 | \$328,510 | \$328,791 | \$0 | \$359,204 | \$0 | \$18,905 | \$304,142 |
| 66 | 01-Feb-23 | Reset | | \$329,081 | \$329,081 | – | \$359,204 | – | – | \$329,081 |
| 66 | 31-Dec-23 | LWA | \$18,905 | \$315,124 | \$329,081 | \$0 | \$340,299 | \$0 | \$18,905 | \$310,456 |
| 67 | 31-Dec-24 | LWA | \$18,905 | \$301,488 | \$329,081 | \$0 | \$321,393 | \$0 | \$18,905 | \$292,137 |

- At age 65, Jim is eligible to receive the Lifetime Withdrawal Amount (LWA). The LWA is guaranteed not to decrease (except in cases of Excess Withdrawals). The Maximum Withdrawal Allowance is set to \$0 after age 64.
- On December 31, 2022 Jim withdrew his LWA (\$18,905 calculated on December 31, 2021) so the market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for withdrawals.
- On February 1, 2023, only the DBG and Bonus Base were reset.

CLASS PLUS SCENARIO 1 (A-J):

Scenario 1-F: Resetting the Income Base without increasing the LWA

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|--------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 68 | 31-Dec-25 | LWA | \$18,905 | \$371,979 | \$329,081 | \$0 | \$302,488 | \$0 | \$18,905 | \$278,007 |
| 69 | 01-Feb-26 | Reset | – | \$372,625 | \$372,625 | – | \$372,625 | – | – | \$372,625 |
| 69 | 31-Dec-26 | LWA | \$18,905 | \$359,462 | \$372,625 | \$0 | \$353,720 | \$0 | \$18,905 | \$354,006 |
| 70 | 31-Dec-27 | LWA | \$18,905 | \$393,426 | \$372,625 | \$0 | \$334,814 | \$0 | \$18,905 | \$337,775 |

- During the payout period resets can potentially increase the Income Base, the DBG, and/or the LWA.
- On February 1, 2026, a reset occurs increasing the Income Base, the Bonus Base and the DBG. The LWA was not recalculated because 5% of the current Income Base (\$372,625) is \$18,631, which is less than the current LWA \$18,905. Therefore Jim will continue to receive the higher LWA amount.
- The market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for withdrawals.

Scenario 1-G: Resetting the Income Base and the DBG and increasing the LWA

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|--------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 71 | 31-Dec-28 | LWA | \$18,905 | \$432,657 | \$372,625 | \$0 | \$315,909 | \$0 | \$18,905 | \$323,634 |
| 72 | 01-Feb-29 | Reset | – | \$433,409 | \$433,409 | – | \$433,409 | – | – | \$433,409 |
| 72 | 31-Dec-29 | LWA | \$18,905 | \$421,354 | \$433,409 | \$0 | \$414,504 | \$0 | \$20,725 | \$414,798 |
| 73 | 31-Dec-30 | LWA | \$20,725 | \$409,109 | \$433,409 | \$0 | \$393,778 | \$0 | \$20,725 | \$394,798 |

- At age 72, the market value of Class Plus Units was higher than the Income Base, the Bonus Base and the DBG. In this case 5% of the Income Base is \$20,725 (5% of \$414,504). Jim's LWA will be recalculated to the higher amount. Next year's LWA is calculated at the end of the current year; therefore Jim will start receiving the higher amount the following year.
- The market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for withdrawals.

CLASS PLUS SCENARIO 1 (A-J):

Scenario 1-H: Effect of Excess Withdrawals on the LWA

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|-------------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 74 | 31-Dec-31 | LWA | \$20,725 | \$396,618 | \$433,409 | \$0 | \$373,053 | \$0 | \$20,725 | \$375,192 |
| 75 | 01-Feb-32 | Reset | – | \$397,307 | \$433,409 | – | \$397,307 | – | – | \$397,307 |
| 75 | 31-Dec-32 | LWA | \$20,725 | \$383,900 | \$433,409 | \$0 | \$376,582 | \$0 | \$20,725 | \$376,957 |
| 76 | 31-Dec-33 | Excess Withdrawal | \$40,000 | \$351,578 | \$351,578 | \$0 | \$336,582 | \$0 | \$16,829 | \$338,450 |
| 77 | 31-Dec-34 | LWA | \$16,829 | \$299,588 | \$351,578 | \$0 | \$319,753 | \$0 | \$16,829 | \$320,449 |

- Withdrawals that exceed the LWA can negatively affect Jim's guaranteed withdrawal amount of \$20,725. At age 76, Jim's withdrawal exceeded his LWA by \$19,275 (\$40,000-\$20,725), resulting in an immediate Income Base Downward Adjustment by recalculating the Income Base and the Bonus Base. The adjusted Income Base will become the lesser of: the Income Base after the withdrawal has been processed or the market value of Class Plus Units after the withdrawal has been processed. In this case, the Income Base is the lesser amount, and therefore the LWA becomes 5% of that amount, which is equal to \$16,829 (\$336,582 X 5%). The \$16,829 is now Jim's new guaranteed Lifetime Withdrawal Amount. The adjusted Bonus Base will become the lesser of: the Bonus Base after the withdrawal has been processed or the market value of Class Plus Units after the withdrawal has been processed.
- The market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for withdrawals.

Note: Excess Withdrawal Alert is a service available as a safeguard to help protect against the results of an unintentional Excess Withdrawal. In this case, Jim has decided to proceed with the Excess Withdrawal, regardless of the downward adjustment to the Income Base.

Scenario 1-I: Market value of Class Plus Units is lower than the Income Base and the DBG

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|-------------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 78 | 01-Feb-35 | Reset -N/A | – | \$300,109 | \$351,578 | – | \$319,753 | – | – | \$320,449 |
| 78 | 31-Dec-35 | LWA | \$16,829 | \$288,748 | \$351,578 | \$0 | \$302,924 | \$0 | \$16,829 | \$302,801 |
| 79 | 31-Dec-36 | LWA | \$16,829 | \$277,708 | \$351,578 | \$0 | \$286,095 | \$0 | \$16,829 | \$285,500 |

- When the market value of Class Plus Units is lower than the Income Base, the Bonus Base and the DBG, the value of the Income Base, the Bonus Base and the DBG remain unchanged.
- The market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for withdrawals.

CLASS PLUS SCENARIO 1 (A-J):

Scenario 1-J: DBG last reset

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|------------------|--------------------|----------|--|------------------|-------------------|---------------------------------|--|-------------------|------------------|
| 80* | 31-Dec-37 | LWA | \$16,829 | \$266,430 | \$351,578 | | \$269,265 | \$0 | \$16,829 | \$268,538 |
| 81 | 01-Feb-38 | Reset - N/A | – | \$266,893 | \$351,578 | | \$269,265 | – | – | \$268,538 |
| 81 | 31-Dec-38 | LWA | \$16,829 | \$254,927 | \$351,578 | | \$252,436 | \$0 | \$16,829 | \$251,908 |
| 82 | 31-Dec-39 | LWA | \$16,829 | \$243,194 | \$351,578 | | \$235,607 | \$0 | \$16,829 | \$235,604 |

* On Jim's 80th birthday, if the market value of Class Plus Units is higher than the DBG, a reset would occur. In this case, Jim's DBG was higher than the market value of Class Plus Units and therefore a reset did not take place. After Jim's 80th birthday, the DBG does not reset anymore.

- At age 81, a reset would only occur on the Income Base and Bonus Base, but in this case a reset did not take place as the market value of Class Plus Units was lower than the Income Base and the Bonus Base.
- The market value of Class Plus Units and the Income Base were reduced by the withdrawal amount. The DBG was reduced proportionately for the withdrawals.

CLASS PLUS SCENARIO 2-3:

Scenario 2: Guaranteed Payment Phase – LWA

Sarah has a Class Plus Contract. She started her Lifetime Withdrawals at age 71 and is now age 82.

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|-----------|-------------|----------|--|------------|-------------------|---------------------------------|--|-------------------|-----|
| 80 | 31-Dec-08 | LWA | \$25,000 | \$0 | \$150,000 | \$0 | \$150,000 | \$0 | \$25,000 | \$0 |
| 81 | 31-Dec-09 | LWA | \$25,000 | \$0 | \$150,000 | \$0 | \$125,000 | \$0 | \$25,000 | \$0 |
| 82 | 31-Dec-10 | LWA | \$25,000 | \$0 | \$150,000 | \$0 | \$100,000 | \$0 | \$25,000 | \$0 |

- Sarah's market value of Class Plus Units reached \$0 at age 80, however, she will continue to receive her LWA for life. This is known as the Guaranteed Payment Phase.
- During the Guaranteed Payment Phase, Sarah does not pay any Class Plus Fees and cannot make subsequent deposits.
- Sarah's DBG is \$0 because the market value of Class Plus Units is \$0.
- The Contract will terminate upon Sarah's death, and her beneficiaries will not receive any death benefit, assuming she only held Class Plus Funds.

Scenario 3: Surrendering the Contract

Anne, age 70, invested \$500,000 in Class Plus on June 11, 2008. Anne starts withdrawing her LWA on December 31st of each year. In this case, we are assuming that it is a bear market. Anne decides to terminate her Contract after 6 years.

| Annuitant Age | Date | Transaction | Amount | Market Value of Class Plus Units (after transaction) | Bonus Base | Income Base Bonus | Income Base (after transaction) | Maximum Withdrawal Allowance for Next Year | LWA for Next Year | DBG |
|---------------|-----------|-----------------|-----------|--|------------|-------------------|---------------------------------|--|-------------------|-----------|
| 70 | 11-Jun-08 | Initial Deposit | \$500,000 | \$500,000 | \$500,000 | \$0 | \$500,000 | \$0 | – | \$500,000 |
| 70 | 31-Dec-08 | LWA | \$25,000 | \$431,789 | \$500,000 | \$0 | \$475,000 | \$0 | \$25,000 | \$472,635 |
| 71 | 31-Dec-09 | LWA | \$25,000 | \$342,020 | \$500,000 | \$0 | \$450,000 | \$0 | \$25,000 | \$440,441 |
| 72 | 31-Dec-10 | LWA | \$25,000 | \$265,717 | \$500,000 | \$0 | \$425,000 | \$0 | \$25,000 | \$402,566 |
| 74 | 11-Jun-11 | No Reset | – | \$268,063 | \$500,000 | – | \$425,000 | – | – | \$402,566 |
| 74 | 31-Dec-11 | LWA | \$25,000 | \$246,032 | \$500,000 | \$0 | \$400,000 | \$0 | \$25,000 | \$365,433 |
| 75 | 31-Dec-12 | LWA | \$25,000 | \$258,045 | \$500,000 | \$0 | \$375,000 | \$0 | \$25,000 | \$333,156 |
| 76 | 31-Dec-13 | LWA | \$25,000 | \$271,751 | \$500,000 | \$0 | \$350,000 | \$0 | \$25,000 | \$305,089 |

- On December 31, 2013, when Anne decides to terminate her Contract, she will receive the market value of Class Plus Units which is \$271,751, not her Income Base which is equal to \$350,000 and is used only for determining the LWA.
- If she passes away and the date the Death Benefit is determined is December 31, 2013, her beneficiaries would receive the DBG amount which is equal to \$305,089 as this is greater than the market Value of Class Plus units.

The Empire Life Insurance Company (Empire Life) offers competitive individual and group life and health insurance, investment and retirement products to help you build wealth and protect your financial security.

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), based on general and segregated fund assets

² As at June 22, 2011

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A description of the key features of the individual variable insurance contract is contained in the Information Folder for the product being considered. Subject to any applicable Death and Maturity Benefit Guarantee, **any part of the premium/deposit or other amount that is allocated to a Segregated Fund is invested at the risk of the Plan/Contract Owner and may increase or decrease in value** according to the fluctuations in the market value of the assets of the Segregated Fund.

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