

EMPIRE LIFE CLASS PLUS

ADVISOR GUIDE

Guaranteed
retirement income
for life®



TABLE OF CONTENTS

Retirement Landscape.....	2
Retirement Risks	3
Getting to know Class Plus	4
How Class Plus Works.....	7
Important Details.....	14
Class Plus Fees	15
Fund Codes	16



**CLASS PLUS® CAN GIVE
YOUR CLIENTS THE
RETIREMENT INCOME
THEY DESERVE.**

Your clients have worked hard to build the retirement income they deserve, but they face financial challenges such as outliving their savings, inflation risk, and market volatility. All of which can erode their retirement portfolios and negatively impact retirement lifestyles. That's why Empire Life has designed Class Plus to address those challenges and help your clients enjoy retirement.

This guide will help you to understand the importance of Class Plus as part of a retirement solution for your clients.



THE RETIREMENT LANDSCAPE

Shifting demographics and the economic realities of today mean more Canadians than ever before are looking for a solution to provide them with a secure source of retirement income. Here's a snapshot of the situation:

AGING POPULATION

- Baby boomers account for more than 30% of all Canadians¹—the largest population segment in the country. The oldest turned 65 in 2011². Retirement income is top of mind for an ever-growing number of your clients.
- The number of Canadians aged 55 to 64—individuals very open to retirement planning concepts—jumped by 28% in the past five years to 3.7 million Canadians³.

LESS INCOME SUPPORT FROM GOVERNMENT

- Canada and Quebec Pension Plans plus Old Age Security benefits may not cover the average income required by your clients in retirement. Many financial professionals believe that your clients will need 70%-80% of their pre-retirement income to maintain the standard of living to which they have become accustomed—that leaves a substantial shortfall that must be addressed.

¹ Statistics Canada, – A Portrait of Seniors in Canada, February 2007

² Statistics Canada, – Portrait of the Canadian Population in 2006, by Age and Sex, 2006 Census, February 2007

³ Statistics Canada, – Portrait of the Canadian Population in 2006, by Age and Sex, 2006 Census, February 2007

RETIREMENT RISKS

Longer life spans, the increasing cost of living, and market volatility present challenges when planning for retirement.

LONGEVITY RISK

- Your clients are living longer and are concerned about outliving their retirement savings. Considering that at age 65, the average Canadian can expect to live for nearly 20 more years, the possibility of running out of money is real¹.

INFLATION RISK

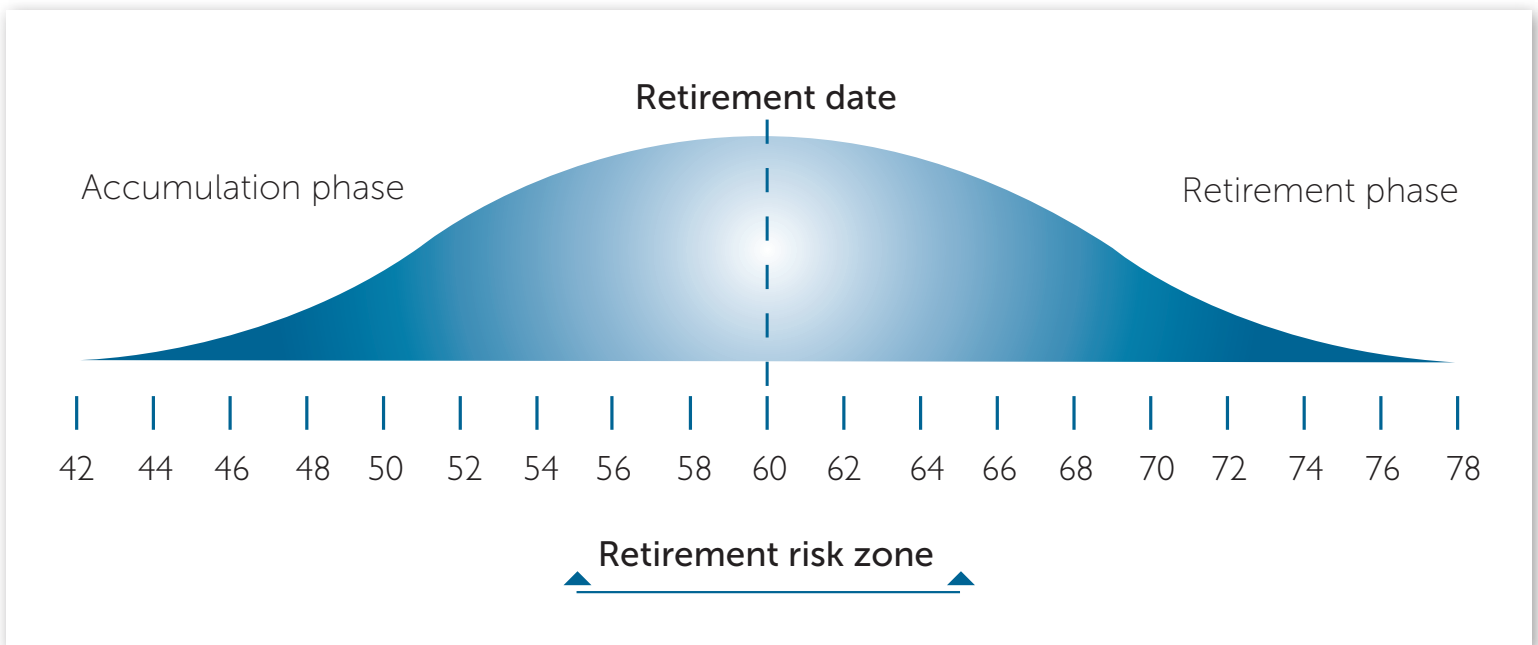
- Inflation erodes the value of your clients' retirement savings, leaving them vulnerable to increases in basic living expenses. For example, using today's inflation rate, the purchasing power of \$1 is reduced to 63 cents over a 20-year period, over 30 years, it is 51 cents².

MARKET RISK

- Studies indicate that the five years before and after retirement are a critical juncture called the retirement risk zone. During this 10-year period, short-term losses can have negative long-term consequences on retirement income because there is no time for investments to rebound³.

CLASS PLUS ADDRESSES THE RISKS YOUR CLIENTS FACE WHEN PLANNING FOR RETIREMENT

- Guaranteed retirement income for life beginning in the calendar year your clients turn 65, means that clients will not outlive their savings, regardless of market performance.
- Anniversary resets every three years take advantage of higher market values and protect against inflation.
- 5% Income Base Bonus can mitigate market risk during the critical years before retirement while increasing income during retirement, which can also counteract inflation.



¹ Source: Statistics Canada, CANSIM, table 102-0512.Period 2005/2007

² Source: Rate used is 2.3% Bank of Canada Investment Calculator 2011

³ Making an excess withdrawal can decrease your guaranteed retirement income for life amount.



GETTING TO KNOW CLASS PLUS

<p>KEY FEATURES</p>	<ul style="list-style-type: none"> • Annual 5% Income Base Bonus¹ • Triennial resets • Lifetime Withdrawal Amount available at age 65 or older • 100% Death Benefit Guarantee • 75% Maturity Benefit Guarantee • Maximum Withdrawal Allowance available until age 64 • Excess Withdrawal Alert service
<p>INVESTMENT OPTIONS</p>	<ul style="list-style-type: none"> • Money Market, Bond, Income, Balanced, Asset Allocation, Global Balanced, Dividend Balanced, Elite Balanced, Conservative Portfolio, Moderate Growth Portfolio, Balanced Portfolio, Growth Portfolio, Aggressive Growth Portfolio
<p>MINIMUM INVESTMENT</p>	<ul style="list-style-type: none"> • Fund Class G minimum initial investment of \$10,000 • Fund Class H minimum initial investment of \$250,000
<p>INCOME</p>	<ul style="list-style-type: none"> • Income can be taken monthly, quarterly, semi-annually or annually
<p>CONTRACT INFO</p>	<ul style="list-style-type: none"> • Clients can commingle guarantees in the same Contract—either Fund Classes B, C and G in one Contract; or Fund Classes D, E and H in one Contract • Commingling extends the maturity date of the Contract to age 120 of the Annuitant

¹ As long as no withdrawals are made in that year.

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 and Income Base Resets. It is initially set to equal the amount of the initial deposit to Class Plus.
- It has no cash value and is not available for withdrawal from Class Plus.

BONUS BASE

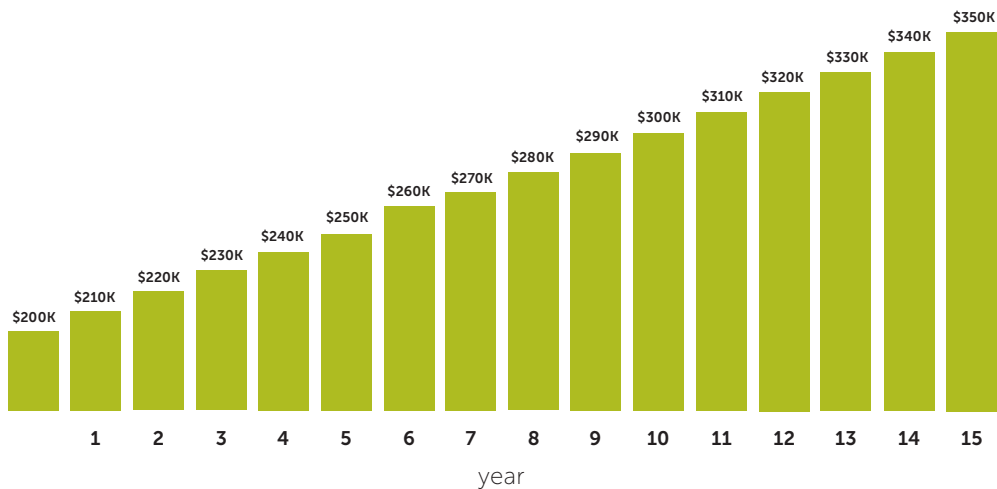
- The Bonus Base is an amount used to calculate the Income Base Bonus at the end of the calendar year. It is equal to the initial deposit and increases through additional deposits and resets. The Bonus Base may decrease with Excess Withdrawals. (Excess Withdrawal is described on the following page.)

INCOME BASE BONUS

- The Income Base Bonus is an annual 5% bonus added to the Income Base.
- It is available every year for life, provided no withdrawal is made in that year.
- The Income Base Bonus, applied annually, is not pro-rated.

HOW THE INCOME BASE BONUS CAN INCREASE GUARANTEED ANNUAL INCOME:

Income Base Bonus Increases a Deposit by 75% in 15 years



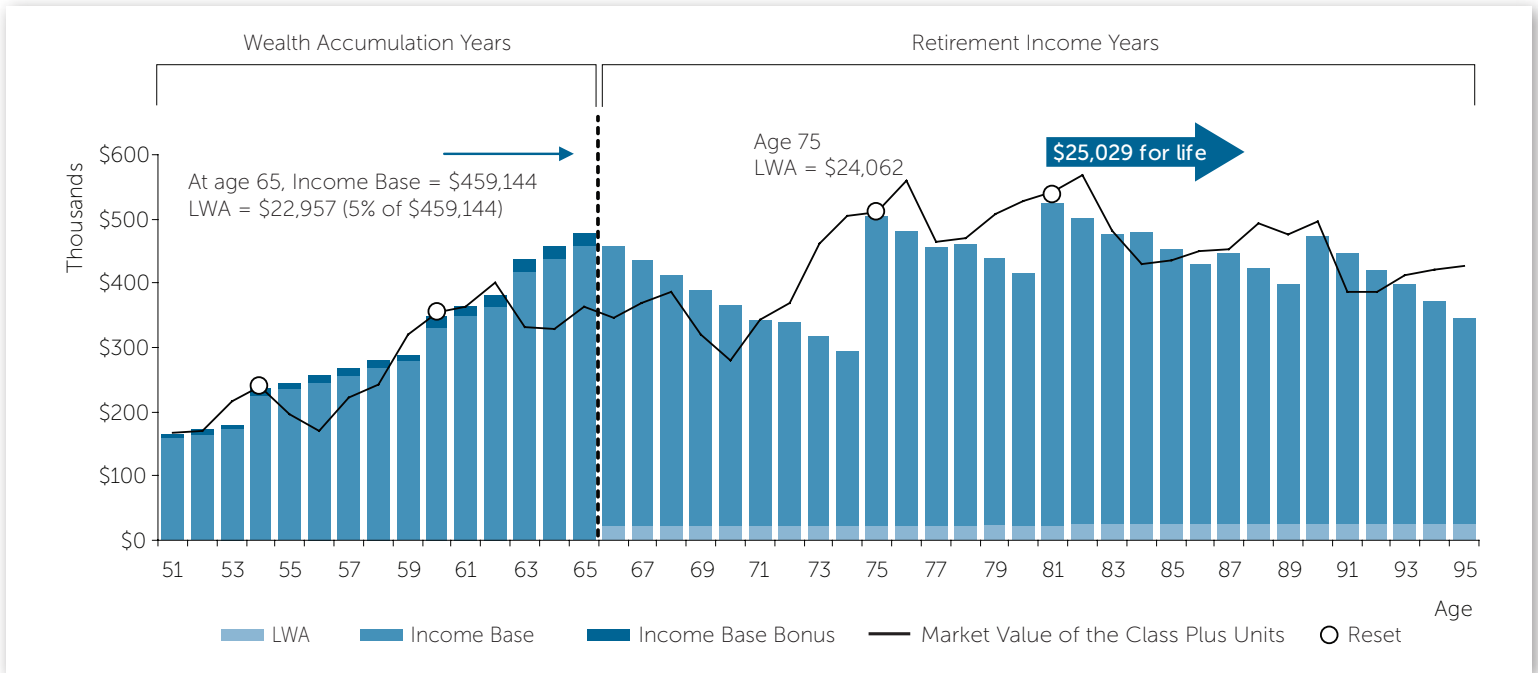
Income Base Bonus increases an Income Base by 75% in 15 years. In this example, the client's Income Base of \$200,000 grows to \$350,000 (provided no withdrawals are made). That means the client's guaranteed annual income (LWA) increased by \$7,500 based on the 5% Income Base Bonus alone. ($\$200,000 \times 5\% = \$10,000$ annual income (LWA), $\$350,000 \times 5\% = \$17,500$ annual income (LWA), $\$17,500 - \$10,000 = \$7,500$ more annual income (LWA)).

Table is for illustrative purposes only. Year 1 represents the calendar year in which the initial deposit was made. The Income Base Bonus is not pro-rated. The 5% annual Income Base Bonus is not a guaranteed rate of return, has no cash value, and is not available for withdrawal.

INCOME BASE RESET

- On every third anniversary of the initial deposit, if the market value of Class Plus is greater than the current Income Base, the Income Base will be reset to equal the market value of Class Plus.

- In the example below, the Income Base Reset first occurs when the client is age 54. Each reset increases the Income Base and the resulting retirement income amount.



This chart is for illustration purposes only. Rates of return are hypothetical, based on an 80% equity and 20% fixed income allocation. Illustrated performance is net of Class Plus fees. The Annuitant has chosen not to make any withdrawals in the first 15 calendar years, and after age 65 no withdrawals exceed the allowable annual limit. The Income Base Bonus is payable each year there are no withdrawals from the Class Plus Contract, including the year of the initial deposit. In this example, the Anniversary Date is January 1, and each Lifetime Withdrawal Amount is payable on December 31.

INCOME WITHDRAWAL OPTIONS

LIFETIME WITHDRAWAL AMOUNT

- The Lifetime Withdrawal Amount (LWA) is the maximum amount available for withdrawal from Class Plus each year beginning the year clients reach age 65. Because the LWA is 5% of the Income Base, it may increase through Income Base Bonuses and resets, but it will never decrease, as long as no Excess Withdrawals are made.

- Any withdrawals over and above the annual LWA (an Excess Withdrawal) will reduce the Income Base.

MAXIMUM WITHDRAWAL ALLOWANCE

- The annual withdrawal amount available before the year clients turn 65 is 5% of the Income Base. It's called the Maximum Withdrawal Allowance. The Maximum Withdrawal Allowance reduces the Income Base.

	Lifetime Withdrawal Amount (LWA)	Maximum Withdrawal Allowance
Availability	Calendar year client turns 65	Before age 65
Amount	5% of Income Base	5% of Income Base
Guaranteed for life	Yes	No

HOW CLASS PLUS WORKS

Class Plus offers enhanced wealth accumulation before retirement and provides guaranteed retirement income for life.

Before retirement: An annual 5% Income Base Bonus can increase retirement income regardless of market performance. Plus, if markets perform well, triennial resets increase the Income Base and potentially boost retirement income.

In retirement: Every three years, if the market value of the Class Plus is greater than the Income Base, the Income Base is reset which can increase the guaranteed income. If markets fall, the guaranteed level of income is unaffected.

To illustrate how Class Plus works, please see the following typical scenarios.





SCENARIO 1

SAVING FOR RETIREMENT TAKING INCOME LATER

Sarah plans to retire in 15 years and has \$250,000 to invest. She needs her portfolio to grow before she retires and wants an investment that will provide her with predictable income in retirement. Sarah is concerned that poor market performance may erode her savings and her retirement plans.

Empire Life Class Plus can give Sarah the peace of mind she needs.

With Class Plus Sarah will receive guaranteed retirement income for life¹. She can increase her future income through the 5% Income Base Bonus² in all markets and take advantage of the investment growth through Triennial Income Base Resets when the markets are strong.

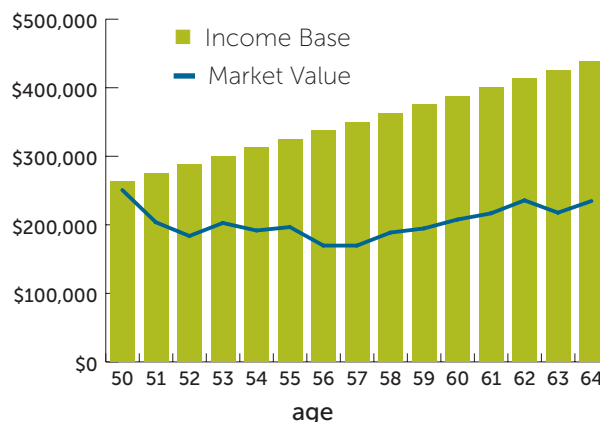
HOW CLASS PLUS CAN INCREASE SARAH'S GUARANTEED RETIREMENT INCOME IN DOWN MARKETS

The 5% 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 from \$250,000 to \$437,500³, assuming no withdrawals were made. By the time she is ready to retire, she would have a guaranteed annual income of \$21,875 (\$437,500 X 5%) — **that's an increase of \$9,375**, thanks to the 5% Income Base Bonus.

$$\$437,500 \times 5\% = \$21,875$$

$$\$250,000 \times 5\% = \$12,500$$

$$\mathbf{\$21,875 - \$12,500 = \$9,375}$$



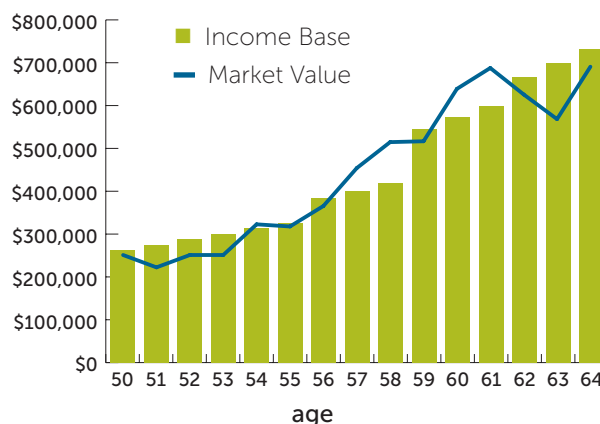
HOW CLASS PLUS CAN INCREASE SARAH'S GUARANTEED RETIREMENT INCOME IN UP MARKETS

Under strong market conditions, in addition to the 5% Income Base 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. In Sarah's case, her Income Base would have grown from \$250,000 to \$730,603⁴. By the time she is ready to retire, her guaranteed annual income would be \$36,530 (\$730,603 X 5%) — **that's an increase of \$24,030**, thanks to the 5% Income Base Bonus and resets.

$$\$730,603 \times 5\% = \$36,530$$

$$\$250,000 \times 5\% = \$12,500$$

$$\mathbf{\$36,530 - \$12,500 = \$24,030}$$



¹ Provided there are no Excess Withdrawals.

² The Income Base Bonus is notional and has no cash value.

³ Market performance is based on hypothetical rates of return, assuming an annual average rate of return of 0.8%. The chart values are based on year end market values of the Fund Class Units after deducting withdrawals and the annual Class Plus fee. For illustration purposes, fees are assumed to be 0.75%.

⁴ The chart values are based on year end market values of the Fund Class Units after deducting withdrawals and the annual Class Plus fee. 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, 1989 to December 31, 2008. The average annual rate of return corresponding to the chart's illustrated durations is 9.0%.

Refer to the Empire Class Segregated Funds Information Folder for complete details.

A photograph of a middle-aged man with grey hair, wearing a yellow t-shirt, sitting on a light-colored couch. He is holding and reading a newspaper. The background is a bright, out-of-focus outdoor scene with green foliage.

SCENARIO 2

IN RETIREMENT TAKING INCOME NOW

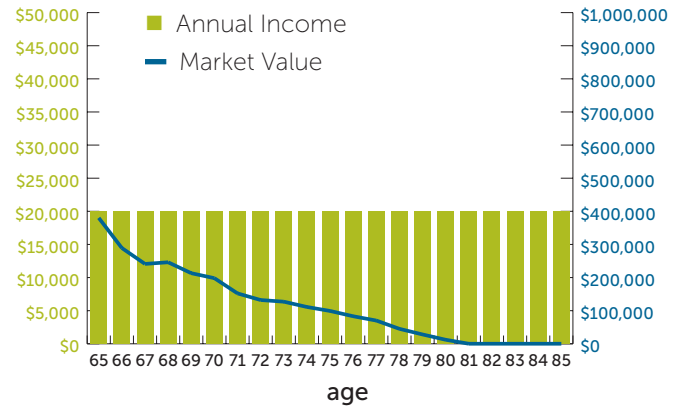
Richard is retired. He has \$400,000 to invest and wants an investment that will provide him with predictable, stable income in retirement. He is concerned that he may outlive his savings and that poor market performance may erode his investments. Richard needs to start drawing income immediately.

Empire Life Class Plus can give Richard the peace of mind he needs.

With Class Plus Richard will receive guaranteed retirement income for as long as he lives¹ no matter how the markets perform. He can take advantage of investment growth through Triennial Income Base Resets when the markets are strong.

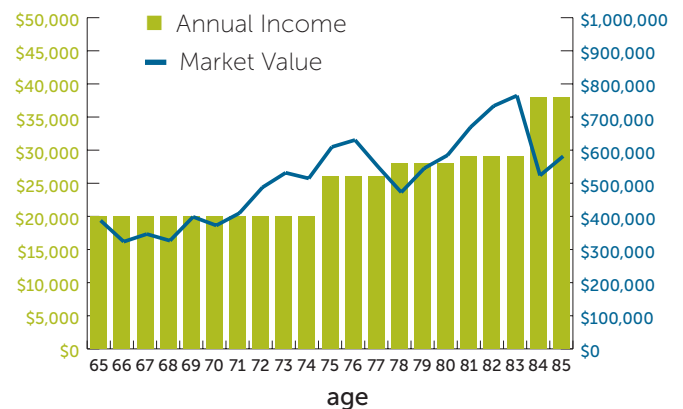
HOW CLASS PLUS PROTECTS RICHARD'S GUARANTEED INCOME IN DOWN MARKETS

Under poor market conditions, Richard's investment could be depleted in approximately 17 years if he took annual regular withdrawals of \$20,000². However, with Class Plus, no matter what the market performance is, Richard is guaranteed an annual income of \$20,000 for life (\$400,000 X 5%), provided there are no excess withdrawals. With Class Plus, Richard's income is guaranteed for life.



HOW CLASS PLUS POTENTIALLY INCREASES RICHARD'S GUARANTEED INCOME IN UP MARKETS

Under strong market conditions, Richard will 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. The automatic triennial resets would result in an increase of Richard's Income Base from \$400,000 to \$757,459³ after 19 years, thus gradually increasing his guaranteed annual income from \$20,000 to \$37,873 – that's a **\$17,873 increase**.



$$\$757,459 \times 5\% = \$37,873$$

$$\$400,000 \times 5\% = \$20,000$$

$$\$37,873 - \$20,000 = \$17,873$$

¹ Provided there are no Excess Withdrawals.

² Market performance is based on hypothetical rates of return after fees, with an average annual rate of return of 1.8%. For illustration purposes, fees are assumed to be 0.75%. The LWA is 5% of the Income Base. The LWA can be withdrawn each year beginning in the calendar year the Annuitant turns 65 years or older.

³ The chart values are based on year end market values of the Fund Class Units after deducting withdrawals and the annual Class Plus fee. 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, 1989 to December 31, 2008. The average annual rate of return corresponding to the chart's illustrated durations is 8.4%.

Refer to the Empire Class Segregated Funds Information Folder for complete details.



SCENARIO 3

GUARANTEED RRIF INCOME FOR LIFE

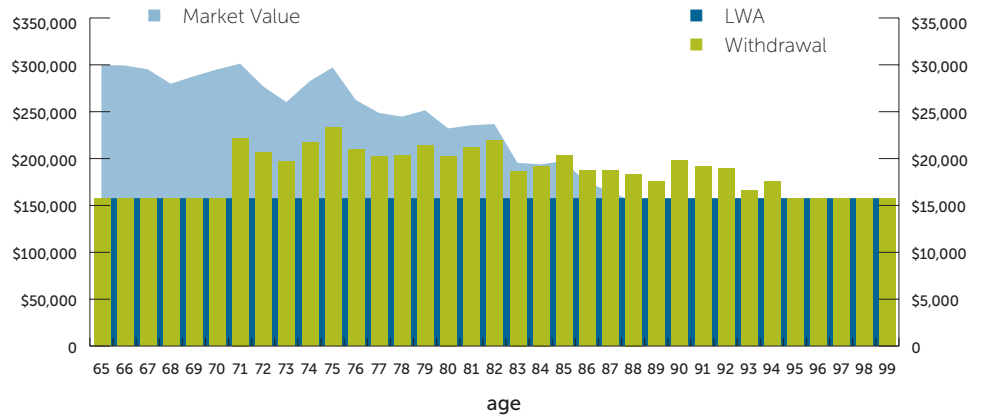
John is 65 years old and he has just retired. He has \$300,000 in his Registered Retirement Income Fund (RRIF) and wants an investment that will provide him with predictable, stable income in retirement. He needs to withdraw the RRIF minimum prescribed by the government each year but is concerned that he may deplete his assets too quickly and outlive his savings.

Empire Life Class Plus can give John the peace of mind he needs.

With Class Plus John will receive guaranteed retirement income for as long as he lives¹ no matter how the markets perform. Also, he will have the flexibility to receive his RRIF minimum, even if it is more than his guaranteed withdrawal amount, without affecting his future guaranteed income.

CLASS PLUS LETS JOHN WITHDRAW HIS RRIF MINIMUM AND STILL RECEIVE HIS GUARANTEED RETIREMENT INCOME FOR LIFE

In the first year, John decides not to take any income and receives a full 5% Income Base Bonus. The following year he starts withdrawing his guaranteed retirement income for life. In years when John's RRIF minimum is higher than his guaranteed income, he has the flexibility to withdraw the RRIF minimum without affecting his future guaranteed income. In John's case **the difference is over \$50,000**. Every third anniversary date, when the market value of John's Class Plus is higher than his Income Base, his Income Base is reset to the higher value and his guaranteed income increases².



Age	Market Value (as of Dec 31st)	RRIF minimum withdrawal (%)	RRIF minimum withdrawal (\$)	LWA	Income received
65	299,675	4.00%	11,987	15,750	15,750
66	298,986	4.17%	12,468	15,750	15,750
67	294,943	4.35%	12,830	15,750	15,750
68	279,514	4.55%	12,718	15,750	15,750
69	287,606	4.76%	13,690	15,750	15,750
70	294,804	5.00%	14,740	15,750	15,750
71	300,933	7.38%	22,209	15,750	22,209
72	276,641	7.48%	20,693	15,750	20,693
73	259,954	7.59%	19,731	15,750	19,731
74	282,046	7.71%	21,746	15,750	21,746
75	297,022	7.85%	23,316	15,750	23,316
76	262,368	7.99%	20,963	15,750	20,963
77	248,431	8.15%	20,247	15,750	20,247
78	244,507	8.33%	20,367	15,750	20,367
79	251,174	8.53%	21,425	15,750	21,425
80	231,883	8.75%	20,290	15,750	20,290
81	235,274	8.99%	21,151	15,750	21,151
82	236,526	9.27%	21,926	15,750	21,926
83	195,095	9.58%	18,690	15,750	18,690
84	193,548	9.93%	19,219	15,750	19,219
85	197,055	10.33%	20,356	15,750	20,356
86	173,800	10.79%	18,753	15,750	18,753
87	165,213	11.33%	18,719	15,750	18,719
88	153,455	11.96%	18,353	15,750	18,353
89	138,175	12.71%	17,562	15,750	17,562
90	145,350	13.62%	19,797	15,750	19,797
91	130,034	14.73%	19,154	15,750	19,154
92	117,609	16.12%	18,959	15,750	18,959
93	92,529	17.92%	16,581	15,750	16,581
94	87,764	20.00%	17,553	15,750	17,553
95	68,187	20.00%	13,637	15,750	15,750
96	55,238	20.00%	11,048	15,750	15,750
97	41,129	20.00%	8,226	15,750	15,750
98	25,374	20.00%	5,075	15,750	15,750
99	10,550	20.00%	2,110	15,750	15,750
			596,288		651,010

¹ Provided there are no Excess Withdrawals.

² The chart values are based on year end market values of the Fund Class Units after deducting withdrawals and the annual Class Plus fee. For illustration purposes, fees are assumed to be 0.35%, and the market value is based on an historical rate of return using a blend of 40% equities and 60% fixed income. The average annual rate of return corresponding to the chart's illustrated durations is 5.53%.

Refer to the Empire Class Segregated Funds Information Folder for complete details.



IMPORTANT DETAILS

GUARANTEED PAYMENT PHASE

- Guaranteed Payment Phase is when the market value of Class Plus Funds is zero, the Income Base has a positive value, and guaranteed retirement income continues.
- The Class Plus fee is not payable and no deposits can be made.

SUCCESSOR ANNUITANT

- By naming a successor annuitant on the original Contract, the Contract can continue to a widowed spouse upon the death of the primary annuitant.

DEATH BENEFIT GUARANTEE (DBG)

- DBG is 100% of net deposits.
- The DBG is reset every third anniversary date of the initial deposit until age 80 of the annuitant.
- The DBG will reset to a higher market value, if applicable.
- The final DBG reset is on the annuitant's 80th birthday.
- The DBG is reduced proportionately for withdrawals.

ESTATE PLANNING BENEFITS

- When your client names a beneficiary, the Death Benefit is paid directly to the beneficiary, bypassing the costly and lengthy probate and estate settlement process.

EXCESS WITHDRAWALS

- The market value of Class Plus can be accessed at anytime. However, withdrawing more than the 5% guaranteed amount could have a negative impact on the LWA if the market value of Class Plus is lower than the Income Base.

EXCESS WITHDRAWAL ALERT SERVICE

- The Excess Withdrawal Alert can help protect your clients' retirement income from excess withdrawals that could cause their future guaranteed income to decrease due to Income Base Downward Adjustments.

INVESTMENT FLEXIBILITY

- Investments can be switched to other eligible Empire Life Segregated Funds.
- Investments can be withdrawn at any time.

CLASS PLUS FEES

- Class Plus Fees are in addition to the underlying fund MERs.
- The Class Plus Fee is calculated and paid 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.
- Fees do not reduce the Income Base, Death Benefit Guarantee, or Maturity Benefit Guarantee.
- Fees are not charged during the Guaranteed Payment Phase.

Empire Class Segregated Funds	Current Class Plus Annual Fund Fee Rate (%)
Money Market	0.25
Bond	0.25
Income	0.25
Conservative Portfolio	0.35
Balanced	0.55
Global Balanced	0.55
Asset Allocation	0.55
Balanced Portfolio	0.55
Moderate Growth Portfolio	0.55
Growth Portfolio	0.75
Aggressive Growth Portfolio	0.75
Dividend Balanced Fund	0.75
Elite Balanced Fund	0.75

CLASS PLUS FEE CALCULATION EXAMPLE

Class Plus Fee Calculation Example	Dates	Totals
\$100,000 invested in Class Plus Dividend Balanced Fund.	Jan. 1, 2011	Income Base is \$100,000
5% Income Base Bonus is added at end of year increasing the Income Base (5% X \$100,000).	Dec. 31, 2011	Income Base increased to \$105,000
Class Plus Fee collected on the last valuation date of the first calendar year is Dividend Balanced Class Plus Fund Fee Rate X the year-end Income Base (0.75% X \$105,000).	Dec. 31, 2011	Class Plus Fee = \$787.50

FUND CODES (ECF)

Empire Class Segregated Funds	Fund Class G		Fund Class H	
	Front End	DSC	Low Load	Front End
Money Market	7010	7510	7210	8010
Bond	7020	7520	7220	8020
Income	7025	7525	7225	8025
Conservative Portfolio	7080	7580	7280	8080
Balanced	7035	7535	7235	8035
Global Balanced	7030	7530	7230	8030
Asset Allocation	7040	7540	7240	8040
Balanced Portfolio	7084	7584	7284	8084
Moderate Growth Portfolio	7088	7588	7288	8088
Growth Portfolio	7092	7592	7292	8092
Aggressive Growth Portfolio	7096	7596	7296	8096
Dividend Balanced Fund	7046	7546	7246	8046
Elite Balanced Fund	7051	7551	7251	8051

For more information, please contact your Empire Life sales representative.

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

This document reflects the views of Empire Life as of the date published. The information in this document is for general information purposes only and is not to be construed as providing legal, tax, financial or professional advice. The Empire Life Insurance Company assumes no responsibility for any reliance on or misuse or omissions of the information contained in this document. Please seek professional advice before making any decisions.

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.**

® Registered trademark of **The Empire Life Insurance Company**.™ Trademark of The Empire Life Insurance Company
Policies are issued by The Empire Life Insurance Company.