

Class Plus® 3.0 RRIF Case Study

# GUARANTEED RETIREMENT INCOME FOR LIFE

9 of 10 Canadians want guaranteed income for life.<sup>1</sup> Shifting demographics and the economic realities of today mean more Canadians than ever before are looking for a secure source of retirement income.

With **Class Plus® 3.0**, you are guaranteed to receive a predictable monthly income for as long as you live<sup>2</sup>. The income is always protected from market downturns and it will continue even if the value of their investment goes to zero.

In the following case study, we look at how Michelle, who is ready to convert her Registered Retirements Savings Plan (RRSP) into a Registered Retirement Income Fund (RRIF), can use Class Plus 3.0 to generate guaranteed income for life.

<sup>1</sup> Designing retirement schemes Canadians want. caat pension plan. April 2017.

<sup>2</sup> Making an Excess Withdrawal may decrease the guaranteed retirement income for life amount.



## Case Study



### Michelle

Michelle has been retired for a number of years and lives modestly. Now, at age 71, she needs to convert her RRSP of \$300,000 into a RRIF and begin to take income. A RRIF is a registered plan that allows Michelle to continue making investment choices, while paying her an income. Her plan remains intact, and her investments continue to grow on a tax-sheltered basis.



### Investment Needs

Michelle must withdraw a minimum amount of income from the RRIF each year. She wants a steady income that she can depend on but is concerned that sustained market downturns could result in having to withdraw substantially more than her RRIF minimum in some years and erode her retirement savings. She wonders if she may outlive her savings.

Age	Michelle, 71
Employment	Retired
Savings to invest	\$300,000 in RRSP that must be converted into RRIF
<b>Income Needs</b>	<b>Stable and efficient income</b>

## Solution – Income certainty regardless of how markets perform

Empire Life Class Plus 3.0 has the features Michelle is looking for.



She will receive guaranteed retirement income for as long as she lives no matter how the markets perform, even if the value of her investment goes to zero.



Class Plus 3.0 offers long-term growth potential with investment options including equity funds. Michelle can even take advantage of investment growth through triennial Income Base Resets when the markets are strong.



If her RRIF minimum is higher in any year than her guaranteed income, Michelle can withdraw up to her RRIF minimum and it will not be considered an Excess Withdrawal.



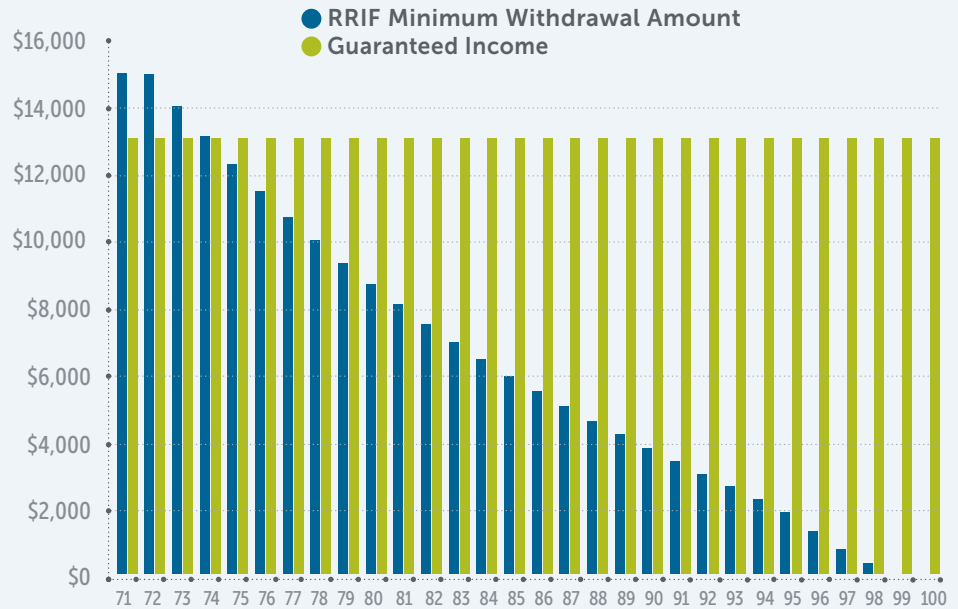
In the event of her death, the proceeds may bypass probate, provided a beneficiary is named.



**In the following two examples – regardless whether markets go up or down – we see that Michelle’s guaranteed income from Class Plus 3.0 is quite steady over the years.** Class Plus 3.0 is an ideal solution for converting an RRSP into a RRIF. It can provide Michelle with the income certainty she is looking for, regardless of how markets perform.

## How Class Plus 3.0 can meet Michelle's income needs in Down Markets

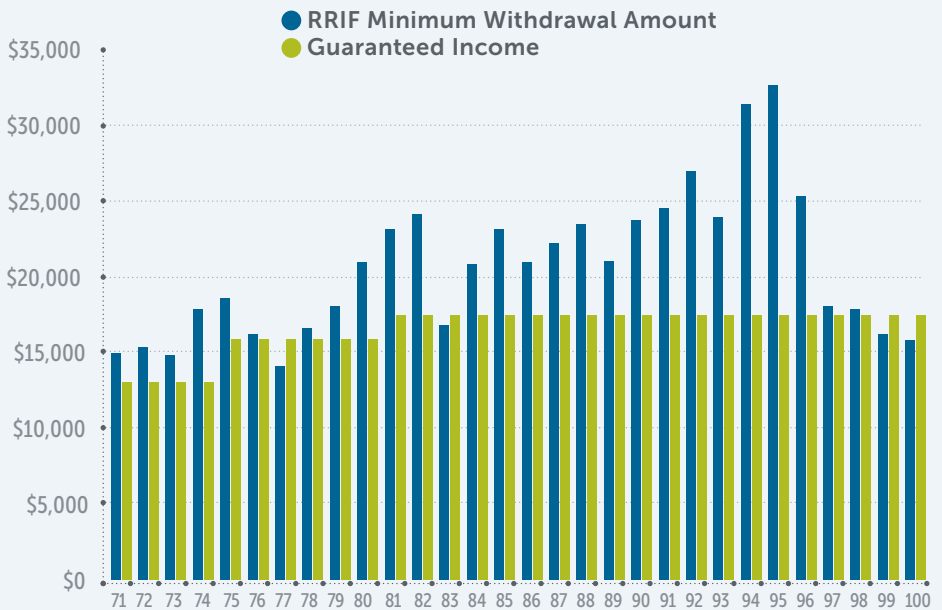
- Michelle must withdraw a minimum amount of income from her RRIF each year, which is based on the Market Value of her contract. This is different from her guaranteed income which is based on her Income Base.
- In the first 4 years, her RRIF Minimum is higher than her guaranteed income, so she can withdrawal that amount without it being an Excess Withdrawal.
- From the 5th year on, her guaranteed income is greater than her RRIF minimum. She will receive that amount, providing her with a stable and predictable income for the rest of her life.



The values quoted are hypothetical and should not be considered as representative of past or future investment performance. **Past performance is no guarantee of future performance.** For illustrative purposes the fund accumulates at a rate of return of -2.0%. A Class Plus Fee of 1.25% annually of the Income Base was charged. All returns are calculated after taking expenses, management and administration fees into account.

## How Class Plus 3.0 can meet Michelle's income needs in Up Markets

- Michelle's Income Base, which is reset every three years, locks in any market gains. She receives an Income Base reset at ages 74 and 80.
- Michelle's income is increased following the Income Base resets as she benefits from the Automatic Income Resets.
- As her RRIF minimum amount is higher than her guaranteed income in most years, she is able to withdraw up to her RRIF minimum and it will not be considered an Excess Withdrawal.
- When her RRIF minimum is lower than her guaranteed income – at ages 77 and 83 – Michelle's guaranteed income provides her with a stable and predictable income.



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## How Class Plus 3.0 works

**Automatic Income Resets:** Clients receive a new Lifetime Withdrawal Amount payout rate for each age.

**Bonus Base:** Used to calculate the Income Base Bonus. It is equal to the initial deposit and may increase through additional deposits.

**Excess Withdrawal:** Clients can access the market value of their contract at any time; however withdrawing more than the Lifetime Withdrawal Amount may have a negative impact on their income.

**Income Base:** Used to calculate the Lifetime Withdrawal Amount. It may increase through Income Base Bonuses, Income Base Resets or additional deposits.

**Income Base Bonus:** The 4% annual Bonus helps to build income potential. It is credited in years that there are no withdrawals from Class Plus 3.0, for the first 20 calendar years you own Class Plus 3.0. It is a notional amount and has no cash value.

**Lifetime Withdrawal Amount (LWA):** The maximum amount available for withdrawal from each year. It may increase through Income Base Bonuses and resets, but it will never decrease as long as no Excess Withdrawals are made.

**Resets:** The Death Benefit Guarantee and Income Base automatically reset every 3 years, locking in any market gains. The last reset of the Death Benefit Guarantee is on the Annuitant's 80th birthday.

**RRIF minimum:** If the RRIF minimum is higher than the Lifetime Withdrawal Amount in any year, the client can withdraw up to his or her RRIF minimum and it will not be considered an Excess Withdrawal.



### About Empire Life

The Empire Life Insurance Company (Empire Life) offers individual and group life and health insurance, investment and retirement products. Our mission is to make it simple, fast and easy for Canadians to get the investment, insurance and group benefits coverage they need to build wealth, generate income, and achieve financial security.

Follow Empire Life on Twitter @EmpireLife or visit our website, [www.empire.ca](http://www.empire.ca) for more information.



**Empire Life Class Plus 3.0 offers guaranteed retirement income for life and may be an ideal retirement solution for you. Visit [empire.ca](http://empire.ca) for more information or speak to your advisor.**

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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