

EMPIRE LIFE CLASS PLUS

SELLING AND SERVICING CLASS PLUS

Guaranteed
retirement income
for life®

FOR ADVISOR USE ONLY



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

CLASS PLUS HIGHLIGHTS

- Lifetime 5% Income Base Bonus** in every year no withdrawal is made
- 5% Income Base Bonus is not prorated
- Lifetime Withdrawal Amount available at age 65
- 100% Death Benefit Guarantee (DBG); 75% Maturity Benefit Guarantee
- Death Benefit Guarantee¹, Income Base and Bonus Base automatically reset every 3 years
- Low minimum investment - \$10,000
- High Net Worth Option - \$250,000
- 100% equity option: Empire Life Aggressive Growth Portfolio Fund
- Empire Life Dividend Balanced Fund and Empire Life Elite Balanced Fund - 80% equity exposure for more growth potential
- Excess Withdrawal Alert service to help safeguard clients' guaranteed income
- Client-friendly DSC and Low-Load schedules
- Competitive MERs² and Annual Fund Fee rate (0.25% to 0.75%)

KEY REASONS YOUR CLIENTS WANT CLASS PLUS

- 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 5% guaranteed retirement income for life during payout phase
- Retirees, ages 65 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 65.

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

¹ Only resets until age 80

² 9 of the 11 Empire Life Segregated Funds originally offered within Class Plus have a lower MER than the Segregated Fund Category Median. Source: Empire Life Inv. Inc.; PalTrak, Feb 2012

SALES STRATEGIES

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

1. TFSA AND CLASS PLUS

- With its accessible minimum investment of \$10,000, Class Plus 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 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. COMMINGLING CLASS B UNITS WITH CLASS G UNITS (CLASS PLUS) IN A SINGLE POLICY

- Gives your clients more flexibility, but the maturity date is automatically set to age 120 for the entire policy.
- If you want to purchase Class C units (with 100% maturity benefit guarantee), consider opening a separate policy, with an earlier maturity date.
- Class B units within a contract that also has investments in Class Plus may continue to be reset on request, up to twice per calendar year, up to the end of the year the Annuitant turns 80.

5. SWITCH BEFORE THE RESET

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

6. KEEP IT SIMPLE

- Use a simplified illustration to introduce Class Plus, 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.

7. 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.

And once your clients are in Class Plus...

8. ...CONDUCT ANNUAL CLIENT REVIEWS

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

THINGS TO REMEMBER ABOUT CLASS PLUS

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.
- It has no cash value and is not available for withdrawal from Class Plus.

2. EXCESS WITHDRAWALS

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

3. TRIENNIAL RESETS

- If the market value of Class Plus 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 is lower than the current values, no reset will occur.

4. CLASS PLUS 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

- In a non-registered policy, Class Plus 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. GWBs ARE GUARANTEED BY ASSURIS

Please refer to www.assuris.ca

*Resets of Death benefit only occur until age 80

ADMINISTRATIVE TIPS

1. NO TRANSFERS FROM ELITE/ELITE XL PLANS TO CLASS PLUS 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 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 (or the Maximum Withdrawal Amount, if applicable), withdrawing it will be considered an Excess Withdrawal.
- If pension legislation allows for unlocking, the amount unlocked could result in an Excess Withdrawal. Consider making the initial deposit to Class B units, unlock up to 50% to an RRSP or RRIF, then switch the LIF (or same in your jurisdiction) to Class G (Class Plus) units.*

*These transactions would be subject to the terms/conditions of the contract. (e.g. Excessive short term trading fee if withdrawals and switches are done within a short period of time, loads may apply, etc.)

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