



INFORMATION CIRCULAR

DATE: NOVEMBER 21, 2018

No. 2018-21

CATEGORY: INVESTMENTS

TO: Managing General Agents, Associate General Agents, Brokers, General Agents and National Accounts

SUBJECT: Limited Time Offer: 5% Annual Income Base Bonus on Class Plus 3.0 for 2018

Announcement

Empire Life is pleased to announce a one-time increase of the Class Plus 3.0 Annual Income Base Bonus from 4% to 5% for all eligible Class Plus 3.0 contracts in 2018. The one-time increase in the Annual Income Base Bonus will be automatically applied to all Class Plus 3.0 contracts issued in 2017 and 2018, if no withdrawals are made in the 2018 calendar year, at the close of business on December 31st, 2018. The higher Annual Income Base Bonus of 5% builds even more potential guaranteed retirement income for your Class Plus 3.0 clients.

One-Time Increase to Class Plus 3.0 Income Base Bonus Rate for 2018

The Annual Income Base Bonus for Class Plus 3.0 will be increased from 4% to 5% for the 2018 calendar year only and be applied to all new and existing Class Plus 3.0 contracts. The bonus is not pro-rated so deposits made before December 31st, 2018 into an eligible Class Plus 3.0 contract will receive the full 5% Income Base Bonus. Advisors and their clients do not need to submit any paperwork or forms to receive the one-time 5% Income Base Bonus; it will be automatically applied to all eligible Class Plus 3.0 contracts. The Annual Income Base Bonus returns to 4% in 2019.

Class Plus 3.0 Income Base Bonus eligibility & calculation

All Class Plus 3.0 contracts will receive the one-time 5% Annual Income Base Bonus on December 31st, 2018, if no withdrawals have been made in 2018. The Class Plus 3.0 Income Base Bonus rate of 5% is multiplied by the Bonus Base on December 31st, 2018 (after all transactions have been processed) and then added to the Income Base. Please refer to the Class Plus 3.0 Information Folder and Contract Provisions (INV-1755) for more information on how the Income Base, Bonus Base, and the Income Base Bonus are calculated and applied.

Customer Notification

A notice of the one-time change to the Class Plus 3.0 Income Base Bonus rate will be posted on our consumer website on November 20, 2018.

Frequently Asked Questions

See the attached Frequently Asked Questions document for more information on the one-time Class Plus 3.0 Annual Income Base Bonus increase for 2018.

Reference

Mike Stocks, Vice President and Chief Marketing Officer, Retail

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5% Annual Income Base Bonus on Class Plus 3.0 for 2018

FREQUENTLY ASKED QUESTIONS (FAQ)

1. What is happening?

Empire Life is increasing the Annual Income Base Bonus on all eligible Class Plus 3.0 contracts from 4% to 5% for 2018. The change is a one-time increase and is only applicable to the Annual Income Base Bonus applied to eligible contracts on December 31st, 2018. The Class Plus 3.0 Annual Income Base Bonus returns to 4% for 2019.

2. What Class Plus 3.0 contracts are eligible for the 5% Annual Income Base Bonus in 2018?

For 2018 only, the 5% Annual Income Base Bonus will be applied to ALL eligible new and existing Class Plus 3.0 contracts, if no withdrawals are made in 2018, regardless of whether the account was opened in 2017 or 2018.

3. When will the 5% Annual Income Base Bonus be applied?

Assuming your client has not made a withdrawal from their Class Plus 3.0 contract in the 2018 calendar year, the one-time 5% Annual Income Base Bonus will be applied to their contract on December 31st, 2018, after all transactions have been processed.

4. How is the Class Plus 3.0 Income Base Bonus calculated?

All Class Plus 3.0 contracts will receive the one-time 5% Annual Income Base Bonus on December 31st, 2018, if no withdrawals have been made in 2018. The Class Plus 3.0 Income Base Bonus rate of 5% is multiplied by the Bonus Base on December 31st, 2018 (after all transactions have been processed) and then added to the Income Base. Please refer to the Class Plus 3.0 Information Folder and Contract Provisions (INV-1755) for more information on how the Income Base, Bonus Base, and the Income Base Bonus are calculated and applied.

5. If my client opens up a new Class Plus 3.0 contract in December 2018, will the client receive the full 5% Annual Income Base Bonus?

Yes, your client will receive the 5% Annual Income Base Bonus if they open a Class Plus 3.0 contract in December, if no withdrawals are made in 2018. The Class Plus 3.0 Annual Income Base Bonus is NOT pro-rated.

6. If my client makes an additional deposit into their existing Class Plus 3.0 account in 2018, will they receive the full 5% Income Base Bonus on their deposit?

Yes, your client will receive the 5% Annual Income Base Bonus on additional deposits into their existing Class Plus 3.0 account, if no withdrawals are made in 2018.

7. Why is Empire Life changing the Class Plus 3.0 Income Base Bonus to 5% for 2018 only?

For 2018 only, Empire Life is increasing the Class Plus Annual Income Base Bonus to 5% to provide existing and new clients with the opportunity to increase their guaranteed retirement income potential. While no one can predict what will happen in financial markets, your clients may be concerned with recent short term market volatility. Offering clients a guaranteed retirement income solution allows you to give your clients peace of mind when it comes to their retirement.

8. Will Empire Life be changing the Class Plus 3.0 Annual Income Base Bonus for 2019?

In 2019, all Class Plus 3.0 contracts eligible for a bonus on December 31st, 2019 will revert to an Income Base Bonus of 4% (as outlined in their Class Plus 3.0 Information Folder and Policy Provisions).

9. Will Empire Life be changing the Annual Income Base Bonus for other Class Plus products?

No, Empire Life will not be changing the Annual Income Base Bonus for closed Class Plus products. This increase in the Annual Income Base Bonus from 4% to 5% is for Class Plus 3.0 contracts only.

10. How will my clients be notified of this change?

A notification will be posted on the Empire Life consumer website.

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Please note that The Empire Life Insurance Company reserves the right to limit changes to the income base bonus percentage to new contracts issued on or after the effective date of such changes.

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