

OPTION PLUS[®] GROUP RSP

PLAN OVERVIEW



Plan Details

Plan Contributions

Guarantees

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For more information visit our Web site at www.empire.ca

This booklet has been designed for Option Plus plan members as a summary of the terms and conditions of the Contract. If there are any discrepancies between this booklet and the Contract, which is kept by your plan administrator, the Contract shall prevail. A description of the key features of Empire Life Option Plus Group RSP is contained in the Option Plus Administration Manual and the Option Plus Group RSP Contract. Subject to any applicable death and maturity benefit guarantee, any part of the premium(s) or other amount that is allocated to a Segregated Fund is invested at the risk of the plan member and may increase or decrease in value.

INTRODUCTION

Today, Canadians realize that without adequate financial planning they may not be financially secure in their retirement years. Unfortunately many Canadians feel very uninformed when it comes to the issue of retirement planning.

Option Plus Group RSP is a lifetime investment program designed to assist you in achieving your retirement objectives. As a result of your current employment status, or your association membership, you now have the opportunity to join this retirement savings plan. Upon becoming an Option Plus member you will automatically enjoy the many benefits discussed throughout the remainder of this booklet. To become an Option Plus member simply contact your employer or association administrator.

OVERVIEW OF MEMBER BENEFITS

A Group RSP is a collection of individual RRSPs for a group of employees or association members. Within an Option Plus Group RSP, all member contributions are voluntary. There are no set-up fees or annual administration fees. Option Plus offers an investment portfolio of no-load Segregated Funds in addition to a variety of Interest Options. Option Plus members have access to a financial advisor who can provide information on a wide variety of topics ranging from investment portfolio design to retirement planning.

Some of the benefits you will receive as a result of becoming an Option Plus member are as follows:

Tax Deductibility and Tax Sheltering

Your contributions are tax-deductible in accordance with the contribution rules for RRSPs as set out in the *Income Tax Act* (Canada), and the investment income you earn grows on a tax-sheltered basis while remaining in the plan.

Flexible Contributions

Your contributions are voluntary and, provided you are acting within the parameters outlined in the plan contributions section, you can choose the amount and frequency of your contributions. You may change the amount of your contributions at any time by simply notifying your employer or association. You can direct your contributions into any of the investment options available in the plan provided the minimum deposit amount is met for the option(s) you have selected. Convenient payroll deduction makes saving effortless on your part. Contributions may also be made by way of lump sum deposits.

Contributions are based on Pre-Tax Dollars

Traditionally, many people make their RRSP contribution with after-tax dollars. This means that their employer has already deducted income tax from the employee's paycheque and sent it to the government. As an Option Plus member, you can make your RRSP contributions on a pre-tax basis and instantly reduce the income tax deducted from your paycheque.

Powerful Guarantees

Option Plus provides valuable Guaranteed Maturity and Death Benefits on all Segregated Fund investments. For further details regarding these guarantees please refer to the section entitled 'Guarantees'.

Reset Option

Providing you have at least 10 years remaining to maturity, you can reset your Segregated Funds Guaranteed Death Benefit and Maturity Benefit to take advantage of any increase in the value of units to the credit of your certificate twice per policy year.

Long Segregated Fund History

Empire Life has been managing Segregated Funds for more than 40 years.

Enhanced Interest Rates

As a plan member you automatically receive an enhanced interest rate on any Guaranteed Interest Option investment term(s) you select.

Spousal Contribution Option

Spousal contributions allow members to designate plan contributions to be made in the name of their spouse or common-law partner. However, these contributions are still considered tax-deductible from the plan member's income.

PLAN DETAILS

Plan Costs

There are no set-up fees and no annual administrative fees.

Investment Options

Your Option Plus investment choices include a Treasury Interest Option, a variety of Guaranteed Interest Option investment terms and 21 Segregated Funds.

Treasury Interest Option (TIO)

The TIO is an interest investment option that is comparable to a high-yielding daily interest account. It pays a variable rate of interest that is calculated daily and paid annually on the anniversary of the effective date of your certificate or when the total value is withdrawn or transferred. Contributions to the TIO are fully guaranteed.

Guaranteed Interest Options (GIOs)

GIOs pay a fixed rate of interest over a specific period of time. Contributions to the GIO are fully guaranteed.

GIO Investment Terms Currently Available

Full-Year Terms	Half-Year Terms
1 Year	1.5 Years
2 Years	2.5 Years
3 Years	3.5 Years
4 Years	4.5 Years
5 Years	
6 Years	
10 Years	

Current Interest Rates

- Check out www.empire.ca for our current interest rates
- Compound rates and simple interest rates are the same for each investment term



Bonus Interest Rates

- As a plan member you automatically receive an interest rate enhancement based on the total value of your certificate including the value of any Segregated Fund investments:

\$0 to \$49,999	Basic Rate + .125%
\$50,000 to \$99,999	Basic Rate + .250%
\$100,000 and up	Basic Rate + .375%

Interest Rate Guarantees on Guaranteed Interest Options (GIOs)

- Minimum transfer-in amount: \$1,000
- Guarantee period: 45 days from when the rate guarantee is signed
- The rate guarantee form must be received at the Head Office of Empire Life within 48 hours of signing
- You will receive the higher of either the guaranteed rate or the rate in effect the day the transferred money actually arrives at the Head Office of Empire Life.



Segregated Funds

The following Segregated Funds are currently available within the Option Plus Group RSP:

Canadian Funds	Income Funds
Canadian Equity Fund - Class A	Bond Fund - Class A
Elite Equity Fund - Class A	Income Fund - Class A
Dividend Growth Fund - Class A	Money Market Fund - Class A
Small Cap Equity Fund - Class A	
U.S. & International Funds	Balanced Funds
American Value Fund - Class A	Asset Allocation Fund - Class A
US Equity Index Fund - Class A	Balanced Fund – Class A
International Equity Fund - Class A	Global Balanced Fund - Class A
Global Funds	Portfolio Funds
Global Equity Fund - Class A	Conservative Portfolio Fund - Class A
Global Dividend Growth Fund – Class A	Balanced Portfolio Fund - Class A
Global Smaller Companies Fund - Class A	Moderate Growth Portfolio Fund - Class A
	Growth Portfolio Fund - Class A
	Aggressive Growth Portfolio Fund - Class A

Each of the Segregated Funds within Option Plus has a different investment objective. A Fund's portfolio may include a variety of investments, including bonds, stocks, debentures and money market instruments, the proportion depending on the investment objective of the Fund.

The portfolio of each Fund is carefully selected and continuously monitored by professional investment managers in an effort to obtain the greatest returns for a reasonable level of risk. Contributions are used to purchase units in the Fund(s) selected. The number of units purchased depends on the unit value of the Fund on the date of purchase. A Fund's unit value fluctuates daily with the market value of the assets held in the Fund. Unit values are updated daily and are available on our web site www.empire.ca and in the mutual fund section of major financial newspapers.

For more information regarding Empire Life Segregated Funds, including investment objectives of each Fund, please refer to the following materials:

- i) Investment Funds Annual Report (INP-0020-ENG)
- ii) Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG)

PLAN CONTRIBUTIONS

Contributions are optional on behalf of both the employer and the employee. Employer contributions are considered to be salary to a plan member and will be applied towards the plan member's RRSP contribution limit. Contributions made must meet the following minimums:

Regular Monthly Deposits

\$30 per member

Minimum Lump Sum Deposits

\$500 per member (Members making regular monthly contributions may make lump sum deposits of \$30 or more)

Note: GIOs have a \$500 minimum. Deposits of less than \$500 to be credited to GIOs will be deposited to the TIO and upon reaching \$500 will be automatically transferred to the GIO investment term you have selected. The interest rate applied will be the rate in effect on the date of transfer to the GIO.

ACQUISITION FEES AND DEFERRED SALES CHARGES

Option Plus Segregated Funds are not subject to either front-end or back-end loads.

INTEREST RATE GUARANTEES ON GUARANTEED INTEREST OPTIONS (GIOS)

If you transfer RRSP proceeds from another financial institution into a GIO within your Option Plus Group RSP, you can apply for an interest rate guarantee. This interest rate guarantee ensures that you will receive the higher of either the guaranteed rate or the rate in effect the day the proceeds actually arrive at the Head Office of Empire Life.

GUARANTEES

Investing in the markets means accepting an element of risk. Markets can go up or down, which means investments in Segregated Funds will fluctuate as well. The key to successful investing is managing risk within your comfort level. Option Plus offers you important guarantees and protection. These include:

Segregated Funds Guaranteed Death Benefit

The greater of:

- a) the total Book Value of the units at the credit of your certificate; or
- b) the Segregated Funds Guaranteed Death Benefit.

The Segregated Funds Guaranteed Death Benefit shall consist of 100% of all contributions prior to the Anniversary Date nearest your 65th birthday plus 75% of all contributions made on or after such Anniversary Date.

The Segregated Funds Guaranteed Death Benefit shall, if applicable, be reduced in the same proportion that the units at the credit of your certificate have been reduced as a result of any partial surrender or transfer to another investment option.

Segregated Funds Guaranteed Maturity Benefit

The greater of:

- a) the total Book Value of the units at the credit of your certificate; or
- b) the Segregated Funds Guaranteed Maturity Benefit.

The Segregated Funds Guaranteed Maturity Benefit shall consist of 75% of all contributions.

The Segregated Funds Guaranteed Maturity Benefit shall, if applicable, be reduced in the same proportion that the units at the credit of your certificate have been reduced as a result of any partial surrender or transfer to another investment option.

Maturity Date

The Maturity Date of your certificate will be one year prior to the maximum age for maturity of an RRSP as prescribed by the *Income Tax Act* (Canada). You may choose a different Maturity Date provided it is at least 10 years after the effective date of your certificate and prior to the maximum age for maturity of an RRSP as prescribed by the *Income Tax Act* (Canada).

Maturity and Death Benefit Guarantee Resets

Providing there are at least 10 years remaining to the Maturity Date, the Maturity and Death Benefit Guarantees on the Segregated Funds may be reset, on request, to capture any growth that may have been earned on contributions. If less than 10 years remain to maturity, the Maturity Date may be extended to a full 10 years from the date of reset providing the terms of the plan allow for such an extension. The reset guarantee values will be calculated based on the current market value of the units of the Segregated Funds at the credit of your certificate when we receive your request. Two resets are permitted in any policy year.



ADDITIONAL FEATURES

Enhanced Annuities

Any deposits which have been in the plan for two or more years qualify for enhanced annuity rates should you use these proceeds to purchase an Empire Life Annuity.

Creditor Protection

The Option Plus Group RSP plan is an insurance contract and, under provincial insurance laws, may be protected from creditors under certain circumstances if the named beneficiary is the spouse, child, grandchild or parent of the Annuitant (except in Quebec where the named beneficiary is the spouse, parent, child or grandchild of the owner) or if the beneficiary is named irrevocably. Note that there are certain circumstances where protection from creditors will not exist. If the possible protection from creditors is an important consideration you should consult with your legal advisor before deciding to purchase the plan.

Freedom from Probate

By naming a beneficiary other than your estate, the death benefit value of your certificate is not subject to probate upon your death.

INVESTMENT SELECTION AND TRANSFER OPTIONS

Your Investment Needs and Strategy

Every investor has unique investment needs. The main determinants of these needs are personal financial goals, the time available for reaching them and individual tolerance for risk.



More specifically, factors such as your stage of life, family situation, income expectations, other financial resources, debt, ongoing expenses and aspirations must be taken into account in order to arrive at realistic goals, reasonable deadlines for reaching them and a level of investment risk that is appropriate for you. You can then set a personal strategy that covers how much you should invest on an ongoing basis, suitable kinds of investments and the right asset mix.

If you would like help developing your investment strategy, your Option Plus Group RSP advisor can help analyze your needs and develop an appropriate strategy. The following Empire Life planning tools are available to help you plan your investment strategy.

- i) Investor Profile Questionnaire (INP-0092-ENG)
- ii) Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG)
- iii) Financial Calculators (Web-based)

The Investment Profile Questionnaire and Financial Calculators are available on our web site at www.empire.ca

Note: The Investor Profile Questionnaire (INP-0092-ENG) and the Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG) are available in brochure format.

Your initial selection of investment options is made on your Application For Membership (GP-0607-ENG). Any deposits received by Empire Life, for which no investment instructions are on file, will be credited to the Treasury Interest Option within the member's certificate.

For a description of the investment objectives and risks associated with each Segregated Fund visit the Investment Products section of our web site www.empire.ca and review the information contained within our Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG). You may change your selection of investment options for future contributions

or for contributions already invested by completing the Change of Investment Options form (GP-0613-ENG) available from your employer/association or your advisor. For further details concerning your Option Plus Group RSP investment options please contact your employer/association or visit www.empire.ca.

Transfers

- Four free transfers are permitted between investment options during any consecutive 12-month period. Additional transfers are subject to a \$50 transfer fee.
- Transfer fees will not apply where at least \$250 is being transferred from the TIO to a Segregated Fund for the purpose of Dollar Cost Averaging.
- A possible interest rate adjustment may apply for unmatured GIOs.
- Monies will be transferred upon your written request, or with a Change of Investment Options form (GP-0613-ENG) signed by you, provided the following minimums are met:
 - i) monies transferred into a Segregated Fund or the Treasury Interest Option are subject to a \$250 minimum
 - ii) monies transferred from a Segregated Fund, a Guaranteed Interest Option investment term or the Treasury Interest Option are subject to a \$250 minimum or the total value of the investment option
 - iii) monies remaining in a Segregated Fund or the Treasury Interest Option after a transfer are subject to a \$250 minimum
 - iv) monies transferred into a Guaranteed Interest Option investment term are subject to a \$500 minimum and
 - v) monies remaining in a Guaranteed Interest Option investment term after a transfer are subject to a \$500 minimum.

Unless notified otherwise, amounts to be transferred from the Guaranteed Interest Option investment terms will be withdrawn on a first-in, first-out basis.

WITHDRAWAL PROVISIONS

Please consult with your employer for details regarding the withdrawal provisions associated with your plan.

Partial Withdrawals

For partial withdrawals, the following rules apply:

- The first four partial withdrawals in any consecutive 12-month period are not subject to any transfer fee. Each additional withdrawal has a \$50 fee.
- If the withdrawal is from a GIO investment term prior to the reinvestment date, a Market Value Adjustment may apply.
- Minimum withdrawal: The lesser of \$250 or the total value of the investment option. Funds remaining in a Guaranteed Interest Option investment term after the withdrawal of funds are subject to a \$500 minimum.
- All withdrawals payable to you are subject to withholding tax.

Full Withdrawals

For full withdrawals, the following rules apply:

- There is no charge if a Death or Maturity Benefit is payable, or if an annuity or RRIF is purchased from Empire Life.
- There is no charge for withdrawals under the Homebuyer's Plan.
- A Market Value Adjustment may apply for a withdrawal from a GIO investment prior to the end of the investment term.
- All withdrawals payable to you are subject to withholding tax.

WHAT IS A SEGREGATED FUND?

A Segregated Fund is a type of investment fund available as an investment option offered through a deferred annuity policy issued by a life insurance company. It is a pool of assets that are segregated from the other assets of the company.

How Segregated Funds Work

A Segregated Fund allows many individuals to pool their money for the purpose of investing in stocks, bonds and other kinds of securities that are determined based on the investment objectives and policies of the respective Fund. A professional investment manager sets an investment strategy and selects the assets the Fund will hold, in accordance with the investment objectives of the Fund.

A Segregated Fund is typically divided into shares or units. These units are used to determine the amount of benefits payable under the plan. The value of units at the credit of your certificate in a Segregated Fund at any time is not guaranteed but will fluctuate with the market value of the assets of the Fund(s) supporting it.

All earnings of the Fund are retained in the Fund to increase the value of the units. When you surrender units, the value you receive depends on the number of units surrendered, the unit value at the time of surrender and any applicable fees. Unit values fluctuate daily with

the market value of the assets held in the Fund. Unit values for Empire Life Segregated Funds are updated daily and are available on our web site www.empire.ca and in the mutual fund section of major financial newspapers.

Investing In Segregated Funds

Based on a Fund's investment objectives, its portfolio may consist of a variety of investment instruments, including stocks, bonds, debentures and/or money market instruments. Funds tend to fall into the following broad categories:

- Money market funds invest primarily in high quality short-term securities such as treasury bills and short-term government and/or corporate securities.
- Fixed income funds will invest mainly in government and/or corporate bonds and other debt instruments.
- Equity funds invest mainly in shares of corporations although other equity securities may be held.
- Balanced funds invest in a blend of corporate shares along with government and/or corporate bonds and other debt instruments.

Note: To learn more about the various Segregated Funds available within the Option Plus Group RSP please refer to the Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG), or visit the Empire Life web site at www.empire.ca.

Diversification and Investment Risk

As a general rule of thumb the more diversified a Fund is, the less potential there is for it to suffer large losses. The reverse also holds true: the more specialized a Fund is in terms of the kinds of assets it holds, or the industry or part of the world it invests in, the greater the potential for significant gains and losses.

For a description of the investment objectives and risks associated with each Segregated Fund visit the Investment Products section of our web site www.empire.ca and review the information contained within the Option Plus Group RSP Segregated Fund Highlights (GP-0039-ENG).

FREQUENTLY ASKED QUESTIONS

Will I receive a statement?

Yes, you will receive a statement that details the value of your contributions as at June 30th and December 31st of each year.

What happens if I become disabled or I am laid-off?

Your Group RSP contributions can be stopped until you are able to resume further contributions. You may be able to make withdrawals from your plan to help tide you over while you are not working; however, these withdrawals will be treated as taxable income and are subject to withholding tax.

What happens when I retire?

At retirement, or at the end of the year that you attain the maximum age allowable to own an RRSP, you must convert your plan to a Registered Retirement Income Fund (RRIF) or an Annuity to provide regular retirement income. You will be free to shop the market for the best plan available at that time. If you decide to convert to an Empire Life Annuity, you will receive an enhanced annuity. Alternatively, you may also withdraw the value of your certificate however the withdrawal will be treated as taxable income and is subject to withholding tax.

What happens if I die before I retire?

In the event of death, your beneficiary or estate will receive the Death Benefit in one lump sum. If your designated beneficiary is your spouse, he or she will have the option of transferring the proceeds to his or her RRSP with no taxes having to be paid at that time. For details regarding the potential income tax implications which would result in the event of your death please consult with your financial advisor.

What happens to my plan if I change employers?

If your employment terminates, your membership in the Option Plus Group RSP ceases. The following options are available to you:

- 1) You can transfer the value of your certificate to an Empire Life RRSP and continue making contributions. No fees or charges will be applied to the transfer.
- 2) You can withdraw the value of your certificate in cash, however the value will be taxable income in the year withdrawn and withholding tax will be deducted.
- 3) You can transfer the value of your certificate to another financial institution. No fees or charges will be applied.

A Market Value Adjustment may apply for a surrender from a GIO investment prior to the end of the investment term.

Can I transfer my savings to another financial institution?

Yes, you can transfer the value of your certificate to another financial institution. Surrenders from a GIO investment prior to the end of the investment term may be subject to a Market Value Adjustment. Structured Option Plus Group RSP members should consult with their employer to see if any conditions apply.

Other questions?

For additional questions regarding your Option Plus Group RSP please consult your employer or your financial advisor.



GLOSSARY

Anniversary Date

Anniversary Date shall mean the 1st day of January and every anniversary thereafter.

Annuitant

Annuitant shall mean a person who has been issued a certificate under the terms of this agreement and who is the Contributor or the Contributor's spouse or common-law partner. Any benefits payable under the terms of the contract will be based on the Annuitant's life.

Annuity

An annuity is a series of regular payments that provide the owner with a reliable, secure income, similar to a pension.

Back-end loads

Back-end loads, also known as deferred sales charges, are charges that may apply to investments that reduce the amount received by a client should that client surrender any value from the investments.

Note: Contributions to the Option Plus Group RSP are not subject to Back-end loads.

Book Value

The Book Value of the Annuitant's Account at any time is equal to:

- a) the sum of the Book Values of the contributions made to the Guaranteed Interest Option investment term(s), and the Treasury Interest Option, plus,
- b) the value of the units in the Segregated Funds at the credit of the Annuitant's Account.

Death Benefit

Upon the death of the Annuitant prior to the Maturity Date, the Company will terminate the Annuitant's certificate and pay to the beneficiary a Death Benefit.

The amount of the Death Benefit will be equal to the Book Value of the Annuitant's Account. The Book Value shall be determined within seven days following receipt of the notification of the death of the Annuitant, by the Company, at its Head Office.

Dollar Cost Averaging

Dollar Cost Averaging is an investment strategy designed to reduce the risk of market timing when investing in Segregated Funds. It involves investing a fixed dollar amount at regular intervals. The result is that more units are purchased when the unit price is low and fewer units are purchased when the unit price is high.

Front-end Loads

Front-end loads are charges that may be applied to investments at the time of deposit. Front-end loads are calculated as a percentage of each new deposit and are deducted when each new deposit is processed. Front-end loads reduce the amount of each new deposit that is actually invested.

Note: Contributions to the Option Plus Group RSP are not subject to Front-end loads.

Group RSP

A Group RSP is a collection of individual RRSPs offered by the employer or association allowing payroll deductions for employee/member contributions.

Guaranteed Interest Option Book Value

The Book Value, at any time, of a contribution to a Guaranteed Interest Option investment term(s) shall be equal to the contribution together with compound interest earned from the date of deposit to the date in question. In the event that a partial surrender or transfer has been made, the Book Value shall be reduced at the time of and by the amount of such partial surrender or transfer. The Book Value of the contribution at any time thereafter shall be equal to the Book Value remaining at the credit of the contribution together with compound interest earned thereon from the date of such partial surrender or transfer to the date in question.

Guaranteed Interest Option Early Withdrawal Charge

An early withdrawal charge shall be deducted from the Book Value of a Guaranteed Interest Option investment term if the withdrawal is for the purchase of a retirement income, or transfer to another investment option within the plan prior to the end of the investment term. The early withdrawal charge will be equal to the Book Value multiplied by the difference, if positive, of the current rate of interest applicable to new contributions for the same investment term over the interest currently being earned on the contribution multiplied by the number of complete months from the date of withdrawal to the end of the investment term, divided by twelve.

Guaranteed Interest Option Market Value

The Market Value, at any time, of a contribution to a Guaranteed Interest Option investment term shall be equal to:

- the Book Value of the contribution, less
- the sum of 0.5% and the difference, if positive, of the current rate of interest applicable to new contributions for the same investment term over the interest currently being earned on the contributions, multiplied by the number of complete months from the date of withdrawal to the end of the investment term, divided by twelve, multiplied by the Book Value.

Guaranteed Interest Option Market Value Adjustment (MVA)

A Market Value Adjustment shall be deducted from the Book Value of a Guaranteed Interest Option investment term if a withdrawal, or transfer to another financial institution, is made prior to the end of the investment term. The amount of the Market Value Adjustment shall be equal to the Book Value multiplied by the sum of 0.5% and the difference, if positive, of the current rate of interest applicable to new contributions for the same investment term over the interest currently being earned on the contribution multiplied by the number of complete months from the date of withdrawal to the end of the investment term, divided by twelve.

Maturity Date

The Maturity Date of the Annuitant's certificate shall be one year prior to the latest date allowed for the maturity of an RRSP as prescribed by the *Income Tax Act* (Canada). The Annuitant may choose another date provided the request is in a form satisfactory to the

Company. The new date must be at least 10 years after the effective date of the Annuitant's certificate and prior to the end of the year in which the Annuitant attains the maximum age for owning an RRSP.

Maturity Options

The Annuitant may choose a retirement income providing:

- a) an equal monthly income payable for the lifetime of the Annuitant;
- b) an equal monthly income payable for 120 months and for as long thereafter as the Annuitant is alive;
- c) an equal monthly income payable for as long as the Annuitant or the Annuitant's spouse or common-law partner may live; or
- d) any other kind of income payable for the lifetime of the Annuitant to which the Company may agree pursuant to section 146(3) of the *Income Tax Act* (Canada).

If no election has been made on or before the last day of the year in which the Annuitant attains the maximum age allowed for owing an RRSP, the Company shall apply option b) above. The amount of any such equal monthly income will be determined by the Company in accordance with its rates on the day the annuity commences.

If the retirement income payable from the value of an Annuitant's certificate is less than \$50 per month, it will not be paid. The Company will instead pay the purchase price of the retirement income to the Annuitant and the Annuitant's certificate will then terminate.

No-load

The term No-load means that deposits to an investment are not subject to any Front-end loads. 100% of the deposit is applied towards the investment option(s) the Annuitant has chosen.

Note: Contributions to the Option Plus Group RSP are processed on a No-load basis.

Registered Retirement Income Fund (RRIF)

A RRIF is used to provide an ongoing minimum level of income. Minimum withdrawal amounts are in accordance with the *Income Tax Act* (Canada).

Registered Retirement Savings Plan (RRSP)

A vehicle used for saving for retirement. Within prescribed limits, contributions to an RRSP are tax deductible. Contributions and income earned within an RRSP are tax-sheltered until they are withdrawn. Withdrawals from an RRSP are treated as taxable income and are subject to withholding tax. RRSPs must be collapsed by the end of the year in which the Annuitant attains the maximum age for owning an RRSP and can be converted to an annuity or a RRIF.

Reset of Segregated Fund Guarantees

Providing there are at least 10 years remaining to the Maturity Date, the Segregated Funds Maturity and Death Benefit Guarantees may be reset, on request, to capture any growth that may have been earned on contributions. If less than 10 years remain to maturity, the Maturity Date may be extended to a full 10 years from the date of reset provided the terms of the plan allow for such an extension. The reset guarantee values will be calculated based on the current market value of all the units of the Funds at the credit of the Annuitant's certificate when Empire Life receives the request. Two resets are permitted each policy year.

Segregated Funds Guaranteed Death Benefit

Notwithstanding the Book Value Provision, in the event of the death of the Annuitant prior to the Maturity Date, the Death Benefit for contributions to the Segregated Funds shall be the greater of the total Book Value of the units at the credit of the Annuitant's certificate, or the Guaranteed Death Benefit attributable to these Funds.

The Segregated Funds Guaranteed Death Benefit shall consist of 100% of all contributions to the Annuitant's certificate prior to the Anniversary Date nearest the Annuitant's 65th birthday plus 75% of all contributions made on or after that date. The excess, if any, of this guaranteed benefit over the total Book Value of the Segregated Fund units at the credit of the Annuitant's certificate shall be provided from the general funds of the Company.

The Segregated Funds Guaranteed Death Benefit shall, if applicable, be reduced in the same proportion that the units at the credit of the Annuitant's certificate have been reduced as a result of any partial surrender or transfer to another investment option.

Segregated Funds Guaranteed Maturity Benefit

Notwithstanding the Book Value Provision, at the Maturity Date, the Maturity Benefit for contributions to the Segregated Funds shall be the greater of the total Book Value of the units at the credit of the Annuitant's certificate, or the Segregated Funds Guaranteed Maturity Benefit.

The Segregated Funds Guaranteed Maturity Benefit shall consist of 75% of all contributions to the Annuitant's certificate. The excess, if any, of the Segregated Funds Guaranteed Maturity Benefit over the total Book Value of the units at the credit of the Annuitant's certificate shall be provided from the general funds of the Company.

The Segregated Funds Guaranteed Maturity Benefit shall, if applicable, be reduced in the same proportion that the units at the credit of the Annuitant's certificate have been reduced as a result of any partial surrender or transfer to another investment option.

Segregated Fund Units

Each Segregated Fund is divided into equal parts called "units". The units in each Fund shall serve as an index of value and shall provide the basis for determining the amount in dollars of any benefit due under the terms of this contract where such benefit is expressed in terms of units of the Fund.

Segregated Fund Unit Valuation

We will determine the value of a unit of each Fund on each valuation date of that Fund by dividing the net market value (total market value of the assets in which the monies in the respective Fund are invested plus any cash holdings of that Fund, less expenses) of the assets of that Fund by the total number of units in the Fund on that date. This unit value is effective for all transactions involving the acquisition or surrender of units of the Fund since the last valuation date of the respective Fund.

Each Fund pays fees and expenses related to the operation of that Fund. These fees and expenses include but are not limited to management fees and operational expenses. The management fee covers the charges related to professional investment management and the administration of a Fund. The management fee is subject to applicable taxes (e.g. the Goods

and Services Tax ("GST") or in some jurisdictions, the Harmonized Sales Tax ("HST"). The management fee for each Fund is calculated as a percentage of the Fund's net asset value which in turn reduces the Fund's unit value.

The market value of the assets constituting each Fund will be determined in accordance with the practice of the Company as established from time to time.

All income and accretions of a Fund will be used to increase the assets of the respective Fund. There will be no participation in any surplus or profits of the Company.

Segregated Fund Unit Valuation Date

We determine the market value of the assets of each Segregated Fund at the close of each day that our Head Office is open for business and values are available for the underlying assets of the Funds. This is the "valuation date". We reserve the right to schedule valuation dates for any Fund on a less frequent basis than stated above, however, valuation dates will occur at least monthly on the last business day of each month.

Segregated Fund Units Credited to the Annuitant's Certificate

Each contribution made to the Annuitant's certificate will be converted into units of the applicable Fund and such units will be credited to the Annuitant's certificate.

The unit value of each Segregated Fund fluctuates with the market value of the assets constituting that Fund and as a result the value of the units credited to the Annuitant's certificate is not guaranteed.

Spousal Registered Retirement Savings Plan (Spousal RRSP)

An RRSP where the Annuitant is the spouse or common law partner of the contributor. The contributor receives the tax deduction and the Annuitant is taxed when the monies are withdrawn, subject to the attribution rules.

Withholding Tax

A deduction levied at source of income as advance payment of income tax. For registered plans, such as the Option Plus Group RSP, the withholding tax for Canadian residents is currently as follows:

	All Provinces Except Quebec	Quebec Only	
		Federal	Provincial
Up to \$5,000	10%	5%	16%
\$5,001 to \$15,000	20%	10%	16%
Over \$15,000	30%	15%	16%

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 *Financial Post Magazine*, June 2010, based on revenue

² As at June 10, 2010

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