

# EMPIRE LIFE INVESTMENTS

## SERIES T

### Series T – Predictable, tax-efficient monthly cash flow

If you want tax-efficient monthly cash flow from your investments, consider Series T units of Empire Life Mutual Funds. Series T6 and T8 units pay a range between 5% and 9% annualized distribution .

### How Series T works

The monthly cash flow distributed through Series T is return of capital (ROC) which is not immediately taxable. Any cash flow that is paid out as ROC reduces the adjusted cost base (ACB) by the ROC amount. Capital gains or losses are realized when the investment is sold or when the ACB reaches zero.<sup>1</sup>

### Reasons to Invest

#### Predictable Cash Flow

Cash flow distributions are set annually so you know how much you'll be getting each month.<sup>2</sup>

#### Tax Efficiency

Distribution of return of capital allows you to defer tax on potential capital gains until the units are sold.

#### Growth Potential

Series T cash flows do not impact the fund's potential return on capital or capital appreciation.

#### Choice of Payout Options

Two monthly targeted cash flow options: 5-7% for Series T6 or 7-9% for Series T8.<sup>3</sup>

### Keep a higher portion of your investment income

The table shows the tax treatment for various types of distributions. Because ROC distributions are tax deferred, you can keep a higher portion of your income after tax.

	Ordinary Income	Eligible Dividend Income	Capital Gains	ROC
Income	\$5,000	\$5,000	\$5,000	\$5,000
Marginal Tax Rate*	53.5%	39.3%	26.8%	0% <sup>4</sup>
Income Tax	\$2,675	\$1,965	\$1,340	\$0
<b>What you keep</b>	<b>\$2,325</b>	<b>\$3,035</b>	<b>\$3,660</b>	<b>\$5,000</b>

\*Source: Canada Revenue Agency. Varies by province; based on Ontario's maximum marginal tax rates for 2020. Rates have been adjusted according to income type.

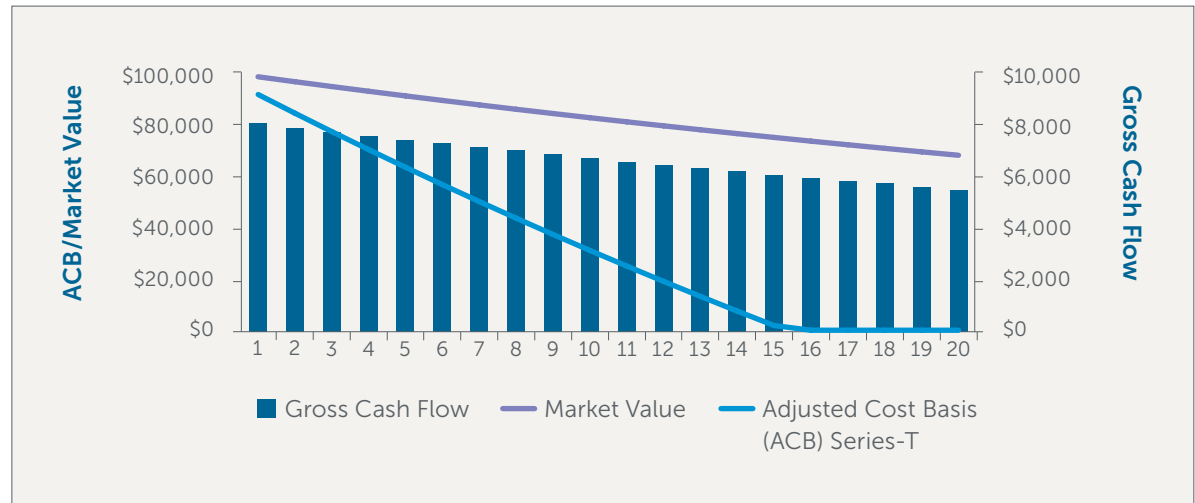


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## Cash-flow to help maintain your current standard of living

One of the benefits of Series T is deferral of taxes so you get cash flow from your investments today.

Let's assume you invested a \$100,000 lump sum investment in Series T, with a target cash flow distribution of 8% and an average return of 6%. Over a 20-year period, you would have received a total gross cash flow of \$132,957. That's an average monthly cash flow of \$554. Also since no Series T units were sold, the market value of your investment would still be \$66,761.<sup>^</sup>



## For more information, contact your financial advisor or visit [www.empirelifeinvestments.ca](http://www.empirelifeinvestments.ca)

<sup>1</sup> When the ACB drops to zero, all subsequent distributions are treated as capital gains and taxed accordingly. It is the responsibility of the investor to calculate the ACB and capital gains or losses realized on sale of units. Any income and capital gains generated by the fund are distributed at the end of the year separately from the monthly ROC distributions. <sup>2</sup> The average monthly distributions of ROC that are made on Series T6 units are expected to be between approximately 5% and 7% and for series T8 between approximately 7% and 9% of the average net asset value of the Fund over the year. <sup>3</sup> Annual ROC distributions are reset each year to maintain the payout target rate. <sup>4</sup> ROC is not taxable income; it is part of the cash distribution. <sup>^</sup> For illustration purposes only. Annual pre-tax cash flow rate is set at 8% of the initial investment in the illustrator and is used to calculate pre-tax cash flows in Series T8. Annual return of capital (ROC) distributions are reset each year to maintain the payout target. Please refer to the Empire Life Mutual Funds Simplified Prospectus for details. Series T unit cash flows are assumed to be entirely comprised of ROC. Funds may distribute income and capital gains annually and these distributions are defaulted at 0.5%. The annual distribution is assumed to comprise 50% interest, 30% dividend, and 20% capital gains.

The sale of Series T units may trigger capital gains or losses. Empire Life Investments Inc. is the Manager of the Empire Life Mutual Funds (the "Funds"). The units of the Funds are available only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such units. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the prospectus before investing. The Manager may adjust the per unit distribution amounts from time to time. The monthly distributions on Series T6 or Series T8 units do not reflect the Fund's investment performance and should not be confused with "yield" or "income". A return of capital reduces the amount of your original investment and may result in the return to you of the entire amount of your original investment. You do not pay tax on a return of capital. Instead, a distribution of a return of capital reduces your adjusted cost base. You should consult a tax expert about the tax implications of receiving a return of capital.

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