

## JOINT AND SURVIVOR ANNUITIES

Peace of mind for you and your spouse



Annuities are a popular choice for individuals who want to draw guaranteed income from their investments. After an initial investment, Manulife makes regular income payments back to you that contain both interest and principal. Your annuity options can include income payments guaranteed for the rest of your life and for the life of your spouse.

### THE SITUATION

Richard and his wife, Marie, are eagerly anticipating retirement in three years. They have accumulated savings, invested wisely and worked with their advisor to develop a financial plan that should take care of their needs for the balance of their lifetimes.

Recently, a retired couple they have known socially was hit by tragedy – the husband suffered a massive coronary and died. While the couple was previously comfortable in retirement, when he died, his pension payments stopped and his final expenses significantly reduced the couple's retirement nest egg.

In very short order, the widow saw her income drop sharply even though her expenses had not. As a result of her new financial situation, the woman can no longer afford to maintain her home. Even though she hates to leave the town where she was born, the widow will move across province to live with her eldest daughter in an attempt to make ends meet.

While both Marie and Richard are sad to be losing good friends, Richard also worries that Marie may have a similar experience if something happens to him. Knowing the pension he receives from his employer will also stop when he dies, Richard decides to call his advisor for advice.

## THE SOLUTION

David has been Richard's and Marie's advisor for over a decade. His familiarity with their financial plan and portfolio helps him in recommending a solution that will address Richard's concerns about Marie's financial picture and simplify their income plan.

David suggests Richard and Marie consider using a portion of their investments to purchase a Joint and Survivor Life Annuity. Using a single, lump sum to purchase the annuity, the couple will secure a no-risk, management-free investment that will generate guaranteed income for the rest of Richard's life. If Richard passes away before her, Marie will continue to receive annuity payments for the rest of her life.

Although a Joint and Survivor Annuity can be purchased with registered or non-registered funds, David recommends using some non-registered funds because only the interest portion of the annuity payment will be taxed and the interest income may qualify for the pension income tax credit.\* In the end analysis, the Joint and Survivor Annuity is the best choice for Richard and Marie because it guarantees income for the length of two lifetimes.

\* For individuals age 65 or older, income from registered funds as well as the interest element of a non-registered annuity contract (prescribed and non-prescribed) are eligible for pension income splitting and the pension income tax credit

### JOINT AND SURVIVOR LIFE ANNUITY:

Covers the lives of two individuals – a primary annuitant and a secondary annuitant (usually husband and wife). Income is paid to the primary annuitant. Upon his or her death, the secondary annuitant continues to receive income for his or her lifetime. Income can remain level or be reduced when one of the individuals dies.

The annuity options available from Manulife Investments – backed by one of the most financially secure insurance companies in Canada – offer investors the freedom to focus on other aspects of retirement while enjoying predictable and sustainable retirement income.

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**FOR MORE INFORMATION, PLEASE CONTACT YOUR ADVISOR OR VISIT [MANULIFE.CA/INVESTMENTS](https://www.manulife.ca/investments)**

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