

Guaranteed lifetime income at any age



By combining the advantages of a Term Certain Annuity with those of a Guaranteed Minimum Withdrawal Benefit, an investor seeking to retire prior to age 65 can achieve this goal and have the retirement lifestyle they want.

THE SITUATION

Ruth is 60 years old with investable assets of \$350,000 to supplement her pension plan. Instead of waiting until age 65, she wants to retire now and receive income immediately. For her lifestyle, Ruth requires about \$14,000 annually from the \$350,000. Ruth has heard of a Guaranteed Minimum Withdrawal Benefit (GMWB), available through a segregated fund contract, which can help fund a retirement plan. She wonders if this type of investment would work for her.

Ruth meets with her advisor, Joe, to find an investment solution that will allow her to retire now. Joe explains that GMWBs can provide predictable, sustainable, and potentially increasing retirement income for life. They offer unique features and benefits, including higher payouts at older ages and income bonuses that are added to the guaranteed income in years no

withdrawals are taken. However, because Ruth requires income immediately, she won't be able to benefit from these important features.

THE SOLUTION

In order to provide Ruth with her required income now, Joe suggests she split her \$350,000 between two products at the same time: a Term Certain Annuity and a GMWB. Term Certain Annuities provide guaranteed, regular income for a pre-selected period of time. Once this period ends, income payments cease and the contract ends. A Term Certain Annuity could provide Ruth with income right away. When the contract ends, she could then begin drawing income from the GMWB, benefiting from the income bonuses and higher payouts. He maps out the scenario on the reverse.

Ruth's total investable assets of \$350,000 can provide at least \$14,000 of guaranteed annual income for life and it can do so beginning at age 60. Here's how:

Product and details	Investment amount (\$)	Guaranteed annual income (\$)
<p>Term Certain Annuity – 5-Year Term</p> <ul style="list-style-type: none"> Could give Ruth immediate income until she reaches age 65 Must be funded with non-registered assets 	70,000	14,055*
<p>GMWB</p> <ul style="list-style-type: none"> Could fund Ruth's retirement income needs from age 65 on Can be funded with registered or non-registered assets 	<p>280,000</p> <ul style="list-style-type: none"> This is Ruth's initial investment into the GMWB, but with five years of income bonuses totaling \$70,000 (5% per year) when no withdrawals are taken, her guaranteed income base could grow to \$350,000 These amounts do not reflect resets, another feature of GMWBs, that can increase the guarantees in good market conditions 	<p>14,000</p> <ul style="list-style-type: none"> This is 4% of Ruth's increased guaranteed income base of 350,000

For illustration purposes only. *5-Year Term Certain Annuity as of July 5, 2012, representing the sum of 12 monthly payments, beginning one month after purchase. GMWB is based on a Single Life Payout Option with a 5% annual income bonus (given only in years of income deferral) and a 4% LWA Payout Percentage. GMWB Payout and Income Bonus percentages available at time of purchase are subject to change. Visit manulifeinvest.ca for current information.

This scenario shows that by investing in a Term Certain Annuity and a GMWB at the same time, Ruth can immediately receive annual income of \$14,055 for five years. At 65, the GMWB will provide annual income of at least \$14,000. By purchasing both products at the same time, Ruth benefits from:

- The immediate and guaranteed income provided by the annuity
- Five years of income bonuses available through the GMWB
- A higher payout from the GMWB because she will be 65 years old, instead of 60 when she starts income
- The annual income needed for her retirement lifestyle

The annuity and GMWB options from Manulife Investments can offer guaranteed, sustainable, and potentially increasing retirement income. Manulife Investments is a division of Manulife Financial, one of the most financially secure insurance companies in Canada.

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