Manulife Bank

Why switch to Manulife One?

Manulife One has the power to rejuvenate your personal finances, opening up opportunities you never thought possible. How flexible is Manulife One? Review the different scenarios below and you'll soon see the real question is, "Why not switch to Manulife One?"

Improved cash flow for other aspects of financial plan

Doug and Iris are a couple in their early 50s. They recently prepared a comprehensive financial plan with their advisor and were shocked to realize their overall insurance premiums would increase by $400 per month. They have 10 years left on their mortgage and are helping support their 24-year-old daughter while she attends graduate school. They don't feel they can meet their monthly obligations and implement the plan.

They meet with a Banking Consultant who reviews their situation and quickly realizes that by consolidating their mortgage, line of credit and car loan, they could be debt-free soon. In fact, even with the higher premiums and after paying a penalty to break their current mortgage, Doug and Iris could still have all their debt paid off in just under seven years.

They see past the penalty and open a Manulife One account.

Flexibility for young families

Shannon and Kyle are married with two young boys. They're selling their condo and moving into a house valued at $200,000. With the proceeds of the condo sale, Shannon and Kyle need to borrow $140,000, initially. This equals 70% of the value of their home. They also anticipate some fix-it projects once they move in.

The maximum credit amount for the revolving portion of the Manulife One account is 65%; therefore, 5% ($10,000) must go into an amortizing sub-account. This would put Shannon and Kyle at their borrowing limit on the Main Account, with no flexibility to access money for home improvements.

They choose to put 15% of the value of their home into the sub-account instead of the required 5%. The additional 10% allocated to the sub-account becomes "freed-up" in the Main Account, but does not increase the overall balance. The amount of their total debt doesn't change – however, the way the sub-account is set up, Shannon and Kyle now have some financial flexibility.

Rainy day account for more established clients

Susan has lived in her home for 15 years and has built up 60% equity in her home. While she doesn't have any immediate borrowing needs, Susan would like to have fast and easy access to money if a need arises without having to negotiate with her bank.

With Manulife One the credit limit is set at 65% of the value of her home, so Susan does not need to set up any sub-accounts, plus she could access 25% of her credit limit in the Main Account at any time.

By allocating different percentages of her debt to a sub-account(s), Susan could potentially save interest costs. With current historically low rates, she could choose to put a good portion of her debt into a non-re-advanceable sub-account and the principal payments to the term sub-account will automatically reduce her credit limit.

Shield yourself against employment uncertainty

Keith is employed in the manufacturing sector and is concerned that he may be let go with little notice because of a slowdown in the economy. Although he has no debt other than his mortgage, with no source of emergency funds, he doesn't know how he would manage if he were unemployed.

He sees an ad for Manulife One and contacts a Banking Consultant to learn more. Because Keith has 50% equity in his home, the Banking Consultant recommends Manulife One.

The maximum credit amount for the revolving Main Account portion of Manulife One account is 65%; therefore, Keith is not required to open any sub-accounts and has some flexibility with his finances because of the amount of equity he has built up.

As it turns out, he doesn't lose his job but his hours are cut, reducing his monthly income. With Manulife One, he has the option to pay less per month on his mortgage until his income gets back to normal – a big comfort at an uncertain time.*

Retire earlier

Michelle is a teacher living in Toronto, but her heart still beats on the east coast. In fact, she's a homeowner in both locations because, one day, she plans to sell her condo in the city and return to her roots to retire.

When she asks her financial advisor if there is any way they could come up with a plan that would allow her to retire in five years, there is only one answer – talk to a Banking Consultant about Manulife One.

She opens Manulife One accounts for both of her properties and structures her payments in such a way that will allow her to completely pay down her retirement property in less than five years.

Manulife One is allowing her to make her "happily ever after" happen more quickly than she ever thought possible.

More flexible than a reverse mortgage

James and Louise are retired and live on a fixed monthly income that includes a modest pension. They paid off the mortgage on their family home before they retired. They are friends with many of their neighbours, the neighborhood is safe and familiar, and they have no desire to move.

However, they are looking for financial options that would allow them to access their equity if and when a need arises. They are excited when a friend suggests Manulife One. Unlike reverse mortgages, Manulife One appeals to them because they don't need to withdraw a lump sum immediately. Rather, they can make withdrawals when they need to – say to pay for a home repair or help out one of their grown kids.

The flexibility of Manulife One appeals to them and even if current interest rates rise, the low, competitive Manulife One rates(s) have been historically lower than line of credit rates.

These scenarios are fictional.

*We recommend that you repay both interest and an amount towards your principal each month.

The monthly administration fee is $14 ($7 for seniors). Fees are subject to change.

For more information, please visit manulifeone.ca

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