



How to use what you OWN to  
reduce what you OWE

# Manulife One – An Overview

## Most Canadians manage their finances by doing two things:

1. Depositing their income and other short-term assets into chequing and savings accounts.
2. Borrowing when they need to, through mortgages, lines of credit, personal loans and credit cards.

Sounds simple enough. Unfortunately, they usually receive low or no interest on the money they deposit, while they pay high interest on the money they borrow.

Wouldn't it make more sense if the deposits and borrowings were combined? Why not have every dollar you earn paying down your debts until you need to spend that money?

Manulife One does just that – and more. It brings your mortgage, savings and income together into one multi-purpose “borrowing and chequing” account. Now, your income can instantly reduce what you have borrowed. As you pay bills and other expenses throughout the month, the amount you owe will slowly go back up, but as long as your income exceeds your expenses, you'll still be much further ahead. With Manulife One, every day that even a dollar of your income stays in your account, you have less debt and so you pay less interest.



With even one extra dollar of your income in your Manulife One account, you have less debt than you did before and so you pay less interest.

## How Manulife One works

The idea behind Manulife One is simple: having your income and savings work harder to reduce your total debt faster.

### CONSOLIDATE YOUR DEBTS

When you open a Manulife One account, you could borrow up to 80 per cent\* of the appraised value of your home. Use this money to pay off the balance of your existing mortgage and any other outstanding loans you might have and lower your interest costs at the same time.

### PUT YOUR SAVINGS TO WORK

If you're tired of earning little or no interest on your chequing account, savings balances and short-term investments, Manulife One can help put that money to work for you. It applies those balances against your borrowings, instantly reducing your total debt . . . and saving you much more in interest costs than you'd likely ever make in interest earnings. And, you can access that money whenever you need it (up to your borrowing limit).

### PUT YOUR INCOME TO WORK

By adding your regular income to your Manulife One account, you further reduce your debt the instant the deposit is made. Your income is immediately working for you to help reduce loan interest costs until you need it for your monthly expenses. With even one extra dollar of your income in your account, you reduce your debt faster so you pay less interest.

\*If you set up a Manulife One account and request a credit limit between 65 per cent and 80 per cent of the value of your home, the amount of credit that's available over 65 per cent must be allocated to a term sub-account. Each monthly principal payment or lump-sum payment you make to your sub-account will effectively decrease the credit limit of your main account.

If you're a small business owner, or if your Manulife One account has been used to purchase an investment property, the amount of credit that's available over 50 per cent of the value of your home must be allocated to a term sub-account. Payments to your sub-account will effectively decrease the credit limit of your main account. You can then allocate your remaining debt how you wish – you can leave it in the main account or set up additional sub-accounts.

### EXAMPLE

The Cornells have a home worth \$350,000 with a \$220,000 mortgage. They also have a car loan, a small line of credit, a credit card and some short-term savings.

They consolidate their debt and open a Manulife One account with an initial debt balance of \$245,000. Next, they add the money from their savings (\$6,000) and chequing (\$3,000) accounts to lower their total Manulife One debt to \$236,000. A 3-month interest penalty of \$1,650 to break their current mortgage, is added to their total Manulife One debt which is \$237,650. After reviewing their options, the Cornells decide to request credit limit of \$280,000 (80% of their home's appraised value). This gives them access to \$42,350 at any time, should they need it.

Since the Cornells have requested a credit limit of \$280,000 they need to put \$52,500 (the amount above 65% of the value of their home) in a term sub-account. By allocating part of their debt to a term sub-account in which the credit limit of their overall account decreases by the amount of the principal payment they ensure they will reduce their debt through the disciplined payment schedule.

# EXAMPLE

## The old way of banking:

SAVINGS			
	Savings		\$6,000
	Chequing		\$3,000
	<b>Total</b>		<b>\$9,000</b>

DEBTS			
	Amount	Rate	Monthly payment
Mortgage	\$220,000	3.00%	\$1,400
Car loan	\$15,000	6.00%	\$350
Credit card	\$2,000	18.00%	\$100
Line of credit	\$8,000	5.00%	\$250
<b>Total</b>	<b>\$245,000</b>		<b>\$2,100</b>

## Banking with Manulife One:

Cash savings are used to reduce debt, saving you more in interest costs than you'd be likely to earn in a savings account.

	Amount	Rate	Monthly payment
<b>Manulife One</b>			
Main account balance	\$185,150	3.20%	\$494 <sup>1</sup>
Sub-account balance	\$52,500	2.89%	\$504
<b>Total</b>	<b>\$237,650</b>		<b>\$998</b>

<sup>1</sup>Payment represents interest only. So long as you do not exceed your borrowing limit, you can pay as much or as little principal as you would like each month. However, we recommend that you pay an amount towards your principal on a monthly basis.

## MONTHLY CASH FLOW

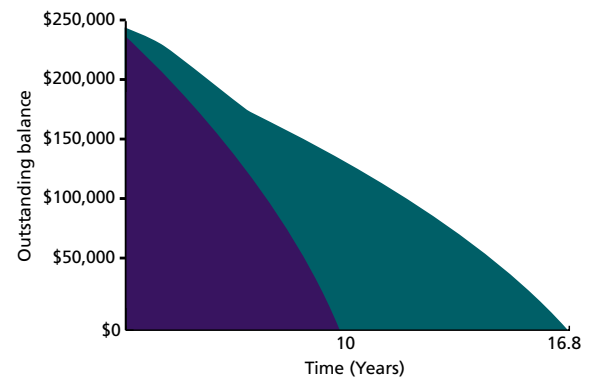
	Net income	\$4,500
	Less debt servicing cost	(\$2,100)
	Less non-debt expenses	(\$2,150)
	<b>Income less all expenses</b>	<b>\$250</b>

	Net income	\$4,500
	Less debt servicing cost	(\$998)
	Less non-debt expenses	(\$2,150)
	<b>Income less all expenses<sup>2</sup></b>	<b>\$1,352</b>

The excess income you leave in the account automatically reduces your debt. And you can access this money at any time, up to your borrowing limit. <sup>2</sup>Assumes all excess cash remains in the account, reducing the loan balance.

	Total principal	Total interest	Total time
<b>Old way</b>	\$245,000	\$62,193	16.8 years
<b>With Manulife One<sup>3</sup></b>	\$239,633	\$37,712	10 years
<b>Manulife One number:</b>		\$24,481	

**You would save \$24,481 in interest and be debt-free 6 years and 8 months sooner with Manulife One.**



<sup>3</sup>The \$16.95 administration fee is included.

For illustrative purposes only. Assumes all values remain the same throughout the time illustrated. A rate of 3.20% is used in this illustration for the Manulife One account and a rate of 2.89% for the five-year fixed rate sub-account with a defined amortization period of 10 years. The rate applied to a Manulife One account is variable and charged monthly based on the daily closing balance. Main account balance includes an estimated three-month interest penalty associated with breaking current mortgage. The monthly administration fee is \$16.95 (\$9.95 for seniors age 60 and over). Rates and fees are subject to change and are not guaranteed. The results that you may achieve with Manulife One will differ and will depend on your specific situation. For current rates and fees, visit [manulifebankmortgages.ca](http://manulifebankmortgages.ca)

## Convenience and flexibility

In one easy step, the key elements of your financial life – your mortgage, short-term savings, chequing account, credit cards, loans and income – are all combined within a single multi-purpose account.

Now, instead of trying to keep track of monthly statements from different sources, you'll always know exactly where you stand financially, thanks to the convenience of your Manulife One monthly statement.

You can access your money any time through:

- Access card
- ABMs
- Cheque writing
- Interac® e-Transfer
- Online, telephone and mobile banking services

## High-interest chequing account

When you don't have any debt, Manulife One offers you one of the highest short-term interest rates in Canada for every dollar you have in the account.\* The high-interest chequing account is automatically activated every time you cross from a line of credit to a positive balance.

## A truly efficient line of credit

While Manulife One was developed first and foremost to help Canadians become debt-free faster, even without a mortgage you'll find benefits in using Manulife One.

In fact, you can open a Manulife One account if you don't have any debt at all.

If you expect you'll need to borrow money in the future and you don't want the hassles of negotiating a loan each time, Manulife One may be the answer.

It can simplify your finances. With its low interest rate(s) and flexible debt pay-down capability, Manulife One helps you pay back those borrowings quickly and easily.

## About Manulife Bank

Manulife Bank is a wholly owned subsidiary of Manulife, one of Canada's largest and most respected financial institutions. Established in 1993, Manulife Bank offers a broad range of innovative banking solutions and competitive rates across Canada.

We believe that effective management of savings and debt is essential to long-term financial success. By working with a professional and incorporating our innovative, integrated banking solutions into your financial plan, you could make your money work harder, enjoy financial flexibility and become debt-free sooner.

\*Interest earned is calculated on the daily closing balance and added to your account monthly.

For more information, please visit [manulifebankmortgages.ca](http://manulifebankmortgages.ca)



**Manulife Bank**



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