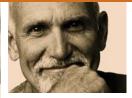
Manulife Investments

Wealth Styles®







Cash for life – Without winning the lottery

Winning a cash-for-life lottery could certainly take care of your financial worries, especially in retirement. But as we all know, the chances are pretty slim. However, as part of an overall incomegenerating strategy, annuities can provide a dependable payment stream for the rest of your retirement.

Take Oscar and Dorothy. They're getting ready to retire. Dorothy is taking golf lessons and trying to convince Oscar to take a swing at it. But he's concerned that they wont be able to afford such an expensive hobby in their retirement. The couple have Registered Retirement Income Funds (RRIFs) and other sources of income, but they want to make sure they will be able to cover their living expenses for many years to come while still enjoying a comfortable lifestyle. A new neighbour had just invested in an annuity for the same reason and

recommended that Oscar and Dorothy talk to their financial advisor to see if it is right for them.

WHAT ARE ANNUITIES?

When the couple sat down with their advisor, Shelley, she first explained how annuities work: annuity payments are like mortgage payments in reverse. When you take out a mortgage, you borrow a sum of money and pay the principal and interest back gradually over a number of years. With an annuity, you invest money with a financial institution that makes regular income payments to you consisting of both principal and interest.

Of course, a mortgage ends when the loan has been completely paid off. An annuity, on the other hand, can be set up to pay an income for the rest of your life, or the rest of your spouse's life should you predecease him or her.





BENEFITS OF ANNUITIES

When Oscar reminded Shelley that they already have investments that are supposed to be taking care of their expenses, Shelley explained that annuities can fit in with their overall strategy. Annuities also provide other benefits that make them an attractive income-generating vehicle.

YOU CAN'T OUTLIVE YOUR INCOME!

Unlike Guaranteed Interest Contacts (GICs), mutual funds and other investments that can be depleted, life annuities are designed specifically to provide lifelong income in retirement.

MATCH YOUR INCOME TO YOUR EXPENSES

Shelley recommended that Oscar and Dorothy consider putting a portion of their investments into an annuity that would generate income to match their projected living expenses. To keep up with rising costs as the years go by, the annuity payments could be indexed to increase on an annual basis and any extra income could be reinvested in other products which fit their overall investment strategy.

Shelley explained that the income provided is determined at the time of purchase and depends on:

- The amount of money they deposit
- Current interest rates





- Whether or not they want their payment amount indexed (to increase over time)
- The sex and age of each spouse
- The number of years they want to guarantee income payments in case of premature death

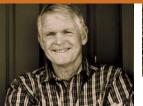
INVEST AT CURRENT RATES

Oscar and Dorothy don't want a lot of risk in their investments and they're not interested in tracking their portfolio, but they are concerned about current low interest rates. With annuities, they can lock in a portion of their portfolio now at current interest rates, so they're guaranteed a certain amount of income. Later, they can lock in another portion of their portfolio at a potentially higher interest rate. This is similar to a dollar-cost-averaging savings strategy that reduces risk over time and evens out investment returns.

PASS YOUR MONEY ON AFTER YOUR DEATH - TERM AND JOINT ANNUITIES

Dorothy had heard that when she dies, her annuity investment will be lost. However, there are options available to ensure that this doesn't happen. With annuities, Dorothy and Oscar can choose from various guarantee periods that ensure their estate or designated beneficiaries continue to receive income payments in the event of their death. Guarantee periods can range from 0 to more than 25 years. The best part is that the guarantee option is totally up to them.

In general, choosing a longer guarantee period will decrease the amount of income produced. Longer guarantee periods require more funds to provide for the additional guaranteed payments.







Wealth Styles®

For term certain annuities, payments will continue until the end of the specified term. Even if Dorothy and Oscar pass away before the term ends, the annuity payments will continue to their estate or their designated beneficiary until the end of the term.

Dorothy and Oscar also each want to make sure that no matter what happens, the other won't have to worry about income. An annuity can be set up as a "joint and survivor" contract allowing them to base the annuity contract on the lives of two spouses, so the income stream continues even after one spouse passes away.

TAX ADVANTAGES FOR NON-REGISTERED PRESCRIBED ANNUITIES

Oscar was also curious about the tax implications for annuities. He was happy to hear that non-registered annuities have tax advantages if they qualify for prescribed status.

Annuity payments consist of principal and interest, and it is the interest portion that is taxable. Prescribed annuities evenly spread the taxable interest over the life of the annuity, thereby deferring tax payable. Regular annuities must report taxable income as earned – higher in the early years, and less when the principal is reduced.

By reducing their taxable income, Oscar and Dorothy may be able to keep more of their Old Age Security payments and increase their Property, Sales and Age Tax Credits. And because of the tax status of annuity income, Oscar and Dorothy may qualify for a Pension Tax Credit (up to \$2,000).

REACH YOUR FINANCIAL GOALS

After sitting down with their advisor to explore annuities as part of their overall financial strategy, Oscar and Dorothy are confident that they won't have to worry about their income as they enjoy their retirement. They've both joined the local golf club and are even thinking about heading down south for the winter to get in some practice time on the links.

If you want to learn more about how an annuity can give you income for life in retirement, speak to your financial advisor.

C	1:	ـ ۲ .
Comp	oliments	OI:

Manulife Investments is the brand name identifying the personal wealth management lines of business offered by Manulife Financial and its subsidiaries in Canada. As one of Canada's largest integrated financial services providers, Manulife Investments offers a variety of products and services including: segregated funds, mutual funds, principal protected notes, annuities and guaranteed interest contracts.

guaranteed interest contracts.

Wealth Styles, Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Financial Corporation.

www.manulife.ca/investments

