Guarantee details

For client name contracts

THE MANUFACTURERS LIFE INSURANCE COMPANY

Contents

Guarantees are at the heart of Ideal Segregated Funds Signature 2.0 — they dictate when and how your money can be protected.

Here’s a quick overview of how the maturity and death benefit guarantees work if you’re in your savings years, and how the payout and death benefit guarantees function once you start drawing retirement income.

You can find even more details in the Ideal Segregated Funds Signature 2.0 Information Folder.

Savings needs

This section outlines how the guarantees work while you're in your savings years. If you're working on building your savings, this section is for you.

What is a Maturity Benefit Guarantee?

This guarantee ensures that when your series "matures" – i.e. you have held it for a set number of years – you are guaranteed to receive all or a portion of your investment back. The Maturity Benefit Guarantee is equal to a set percentage of the Maturity Guarantee Value, based on the series you selected. The Maturity Guarantee Value equals the premiums you have paid, less any proportional withdrawals you have taken.

If you have "reset" your guarantee to reflect market gains, the Maturity Guarantee Value is equal to the last reset value, plus any additional premiums you have added, and less any proportional withdrawals since the last reset (resets are not applicable to Ideal 75/75 Series).

When you reach your Series Maturity Date, you are guaranteed to receive a Maturity Benefit Guarantee equal to:

IDEAL 75/100 SERIES

- Greater of: series value or 75% of Maturity Guarantee Value

Provided the series has been in-force for a minimum of 10 years from the date of the first premium payment, or if resets have occurred, from the last reset date.

Ideal 100/100 Series

- Greater of: series value or 100% of Maturity Guarantee Value

Provided the series has been in-force for a minimum of 15 years from the date of the first premium payment, or if resets have occurred, from the last reset date. Additional premiums that have been in the series less than 15 years are guaranteed at 75%.

IDEAL 75/75 SERIES

- Greater of: series value or 75% of Maturity Guarantee Value

Provided the series has been in force for at least 10 years at the series maturity date. The maturity date is the annuitant's 100th birthday for non-registered and TFSA contracts, and the annuitant's age 71 for registered savings plans.

What is a Death Benefit Guarantee?

The Death Benefit Guarantee specifies that your beneficiaries will receive a set amount of the premiums you have paid. We calculate the Death Benefit Guarantee using the Death Guarantee Value. This amount equals the premiums you have paid, less any proportional withdrawals you have taken.

If a "reset"has occured to reflect market gains, the Death Guarantee Value is equal to the last reset value, plus any premiums you have added, and less any proportional withdrawals since the last reset (resets are not applicable to Ideal 75/75 Series).

When the insured person passes away, the beneficiary is guaranteed to receive a Death Benefit Guarantee equal to:

IDEAL 75/100[1] AND IDEAL 100/100[1] SERIES

- Greater of: series value or 100%[1] of Death Guarantee Value

IDEAL 75/75 SERIES

- Greater of: series value or 75% of Death Guarantee Value

[1] 75% if the annuitant (or person insured) is age 80 or over when the series is purchased.

Resets

How do resets work?

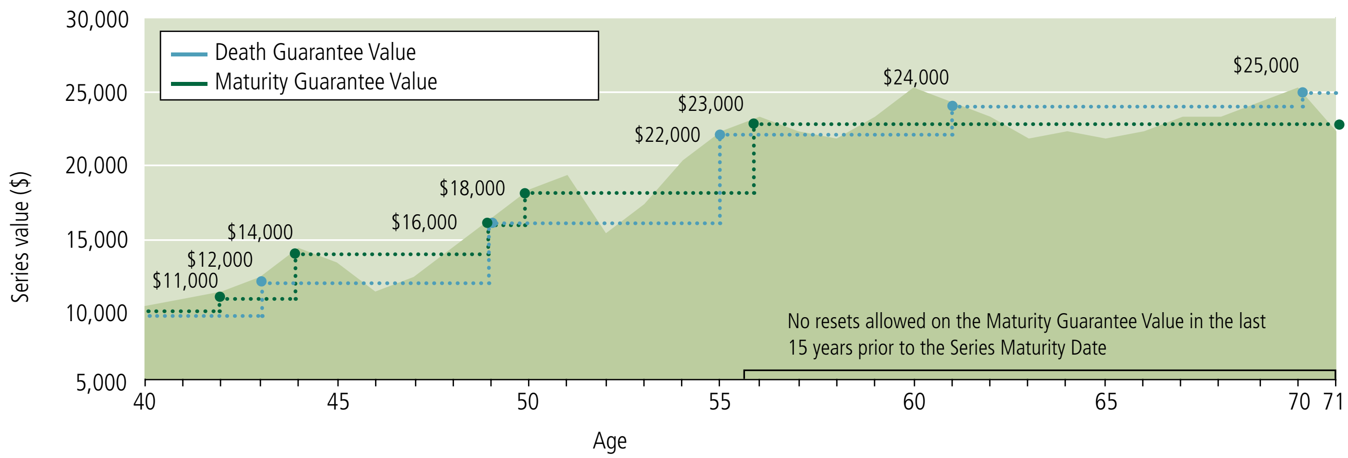
When the market does well, so do you. When it doesn't, your money can be protected against significant losses in certain circumstances.

- Resets are available on Ideal 75/100 and Ideal 100/100 Series
- You can request to reset your Maturity Guarantee Value up to two times per series year
- Automatic resets every three years of the Death Guarantee Value, with a final reset on the series anniversary date following the annuitant's 70th birthday (if the series value is greater than the Death Guarantee Value)
- No resets allowed in the 10-year period (Ideal 75/100 Series) or 15-year period (Ideal 100/100 Series) prior to the Series Maturity Date
- Resets work differently for registered retirement income plans. Consult the Information Folder for details

Resets in action: Ideal 100/100 Series (registered savings plan)

Resets improve Sarah's Maturity and Death Benefit Guarantees over a 31-year period. In this example, Sarah selected a Series Maturity Date at age 71 and requests to reset the Maturity Guarantee Value in years 2, 4, 9, 10 and 16. The Death Guarantee Value automatically resets in years 3, 9, 15, 21 and 30.

Resets in action: Ideal 100/100 Series (registered savings plan)



Initial premium: $10,000
Age at first premium payment: 40

At Series Maturity Date (age 71):
Series value: $22,000
Maturity Guarantee Value: $23,000

Maturity Guarantee Value resets

At age 40, Sarah allocates a premium of $10,000 to an RRSP (Ideal 100/100 Series). She requests a reset of the Maturity Guarantee Value in the following years where the series value is higher than the guaranteed amount:

- Year 2 (age 42), reset guarantee to $11,000 (+ $1,000)
- Year 4 (age 44), reset guarantee to $14,000 (+ $4,000)
- Year 9 (age 49), reset guarantee to $16,000 (+ $6,000)
- Year 10 (age 50), reset guarantee to $18,000 (+ $8,000)
- Year 16 (age 56), reset guarantee to $23,000 (+ $13,000)

At the Series Maturity Date (age 71), her Maturity Guarantee Value of $23,000 has more than doubled from the initial premium.

At this point, she receives the Maturity Benefit Guarantee of $23,000 {100% of $23,000 (Maturity Guarantee Value at last reset)} or the series value, whichever is higher.

Death Guarantee Value resets

Automatic resets of the Death Guarantee Value occur in the following years:

- Year 3 (age 43), reset guarantee to $12,000 (+ $2,000)
- Year 9 (age 49), reset guarantee to $16,000 (+ $6,000)
- Year 15 (age 55), reset guarantee to $22,000 (+ $12,000)
- Year 21 (age 61), reset guarantee to $24,000 (+ $14,000)

A final reset occurs on year 30, on the series anniversary date following the annuitant's 70th birthday, since the series value is greater than the Death Guarantee Value. When Sarah dies, her beneficiary is guaranteed to receive a Death Benefit Guarantee of $25,000 {100% of $25,000 (Death Guarantee Value at last reset)} or the series value, whichever is higher.

Resets are also available for non-registered plans and RRIFs

This example (refer to graph on previous page) shows how resets work with a registered savings plan. Resets are available with our Ideal 75/100 and Ideal 100/100 Series under all plan types offered. Note that resets work differently for our registered retirement income plans than the example shown above. Consult the Information Folder for details.

Resets can increase guarantees to reflect market gains. They help you benefit when the market goes up, and protect you when it drops. They are available on your Ideal Segregated Funds Signature 2.0 contract when you're in your savings years as well as your retirement years.

Retirement needs

This section outlines how the guarantees work on registered retirement income plans. If you have a registered retirement income plan and are drawing income from your savings, this section is for you.

Learn how we maximize your retirement income protection

Our guarantees are structured to shine the brightest when markets are gloomy. The secret is in the strategy. In down markets, dollar-for-dollar reductions of guarantees for scheduled retirement income payments work demonstrably better than proportional reductions. Take a look:

WHAT ARE DOLLAR-FOR-DOLLAR REDUCTIONS?	WHAT ARE PROPORTIONAL REDUCTIONS?
They adjust the guaranteed amount by subtracting the amount of money you withdraw as retirement income. Market conditions do not impact the amount of the reduction. To know by how much the guarantee has been reduced, you just need to know the withdrawal amount – no more, no less.	They adjust the guaranteed amount by considering prevailing market conditions at the time of the withdrawal. This kind of reduction takes into account the value of the investment before the withdrawal, relative to the amount of the guarantee. If the value of the investment declines significantly, so can the value of the guarantee.

See it in action: Dollar-for-dollar reductions offer superior protection and here's why:

DOWN MARKET PERFORMANCE		ANNUAL RETURN
In this scenario, Henry and Sarah invest $200,000 in two separate contracts. Henry's contract uses dollar-for-dollar reductions and Sarah's uses proportional reductions. If markets drop 40% after Henry and Sarah invest, the guarantees become very important. Sarah's investment, with proportional reductions, will see the greatest guarantee reduction, since the market value has dropped to $120,000.		
MARKET VALUE: $120,000	**GUARANTEE AMOUNT: $200,000**	**-40%**

Payout Benefit Guarantee[2] offering $16,667 more protection

Reduction		
$25,000	Remaining Payout Benefit Guarantee[2]: $175,000	**Dollar-for-dollar**
$41,667[3]	Remaining Maturity Benefit Guarantee: $158,333	**Proportional**

[3] Equal to $\frac{\text{Guarantee amount}}{\text{Market value}} \times \text{Withdrawal amount}$

In a year with a severe market drop, Sarah's withdrawal of $25,000 in a contract with proportional reductions reduces the guarantee by $41,667. Henry's contract with dollar-for-dollar reductions would have been reduced by the exact amount of the withdrawal, no matter what.

[2] For more information on the Payout Benefit Guarantee please refer to the Information Folder.

These are not consecutive year examples. Each example assumes an initial premium of $200,000 and a scheduled retirement income payment of $25,000.

FLAT MARKET PERFORMANCE		ANNUAL RETURN
The markets remain flat throughout the year and the market value of each investment is still $200,000 when $25,000 is withdrawn from each contract at year-end.		
MARKET VALUE: $200,000	**GUARANTEE AMOUNT: $200,000**	**0%**

Reduction

$25,000	Remaining Payout Benefit Guarantee[2]: $175,000	**Dollar-for-dollar**
$25,000	Remaining Maturity Benefit Guarantee: $175,000	**Proportional**

As you can see, in a flat market both strategies work equally well and each contract's guarantees are reduced by $25,000.

UP MARKET PERFORMANCE		ANNUAL RETURN
Assuming Sarah and Henry had invested in a rising market, at the end of the year, the market value of either investment would be $250,000. Since the market value is greater than the guarantee, both Sarah and Henry receive the market value.		
MARKET VALUE: $250,000	**GUARANTEE AMOUNT: $200,000**	**25%**

Reduction

$25,000	Remaining Payout Benefit Guarantee[2]: $175,000	**Dollar-for-dollar**
$20,000[3]	Remaining Maturity Benefit Guarantee: $180,000	**Proportional**

[3] Equal to $\frac{\text{Guarantee amount}}{\text{Market value}} \times \text{Withdrawal amount}$

In this scenario, in a rising market, Sarah and Henry receive the market value, and the guarantee amount is not relevant.

[2] For more information on the Payout Benefit Guarantee please refer to the Information Folder.

What is a Payout Benefit Guarantee?

Available with registered retirement income plans, it specifies that you will receive scheduled retirement income payments of at least the amount of the Payout Benefit Guarantee over the lifetime of the series.

The Payout Benefit Guarantee is equal to a set percentage of the Maturity Guarantee Value, based on the series you selected. The Maturity Guarantee Value equals the premiums you have paid, less any proportional withdrawals you have taken.

If you have "reset" your guarantee to reflect market gains, the Maturity Guarantee Value is equal to the last reset value, plus any additional premiums you have added, and less any proportional withdrawals since the last reset (not applicable on Ideal 75/75 Series).

The Payout Benefit Guarantee ensures that you will receive scheduled retirement income payments of at least:

IDEAL 75/100 SERIES

- 75% of Maturity Guarantee Value

Amount will be paid as scheduled retirement income payments over the lifetime of the series, provided the series has been in-force for a minimum of 10 years from the date of the first premium payment, or if resets have occurred, from the last reset date.

IDEAL 100/100 SERIES

- 100% of Maturity Guarantee Value

Amount will be paid as scheduled retirement income payments over the lifetime of the series, provided the series has been in-force for a minimum of 15 years from the date of the first premium payment, or if resets have occurred, from the last reset date. Additional premiums that have been in the series less than 15 years are guaranteed at 75%.

IDEAL 75/75 SERIES

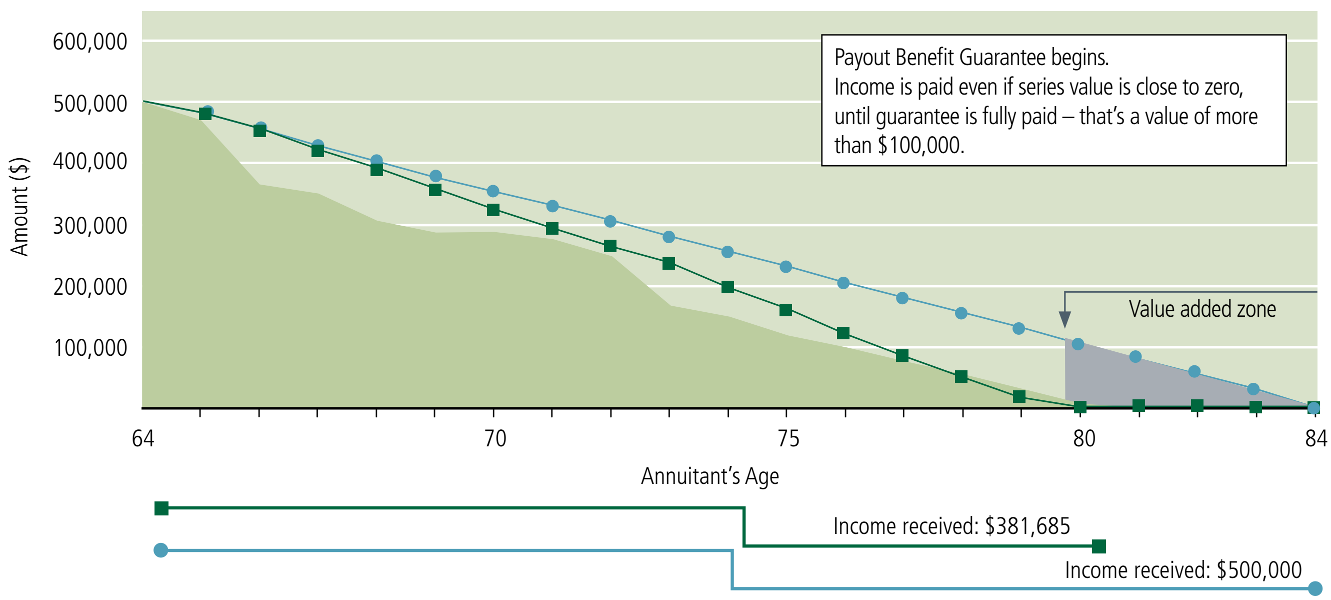
- 75% of Maturity Guarantee Value

Amount will be paid as scheduled retirement income payments over the lifetime of the series, provided the series has been in-force for a minimum of 10 years from the date of the first premium payment.

See the Payout Benefit Guarantee in action

In this example, Henry allocates $500,000 to a registered retirement income plan (Ideal 100/100 Series) and begins scheduled retirement income payments of $25,000 a year later. When the Payout Benefit Guarantee kicks in, income is paid even if the series value is close to zero.

Ideal 100/100 Series



- Ideal Segregated Funds Signature 2.0's Payout Benefit Guarantee (dollar-for-dollar reductions)
- Maturity Benefit Guarantee with proportional reductions (most competitors)
- Series value

Assumptions:
Age 64: Initial $500,000 premium to RRIF
Age 65: Scheduled retirement income payments of $25,000 begin (at the beginning of the year)
Average rate of return: -0.10%
For illustration purposes, this is an arbitrary figure and includes random returns (negative and positive) generating an average -0.10% return over the period.

In this example, there's an added value of more than $100,000.

How does the Death Benefit Guarantee work in registered retirement income plans?

The Death Benefit Guarantee specifies that your beneficiaries will receive a set amount of the premiums you have paid. We calculate the Death Benefit Guarantee using the Death Guarantee Value. This amount equals the premiums you have paid, less any proportional withdrawals you have taken. Your beneficiaries will receive:

Ideal 75/100 and Ideal 100/100 Series

- Greater of: series value or 100%[1] of Death Guarantee Value less the sum of scheduled retirement income payments received since the last reset, if applicable

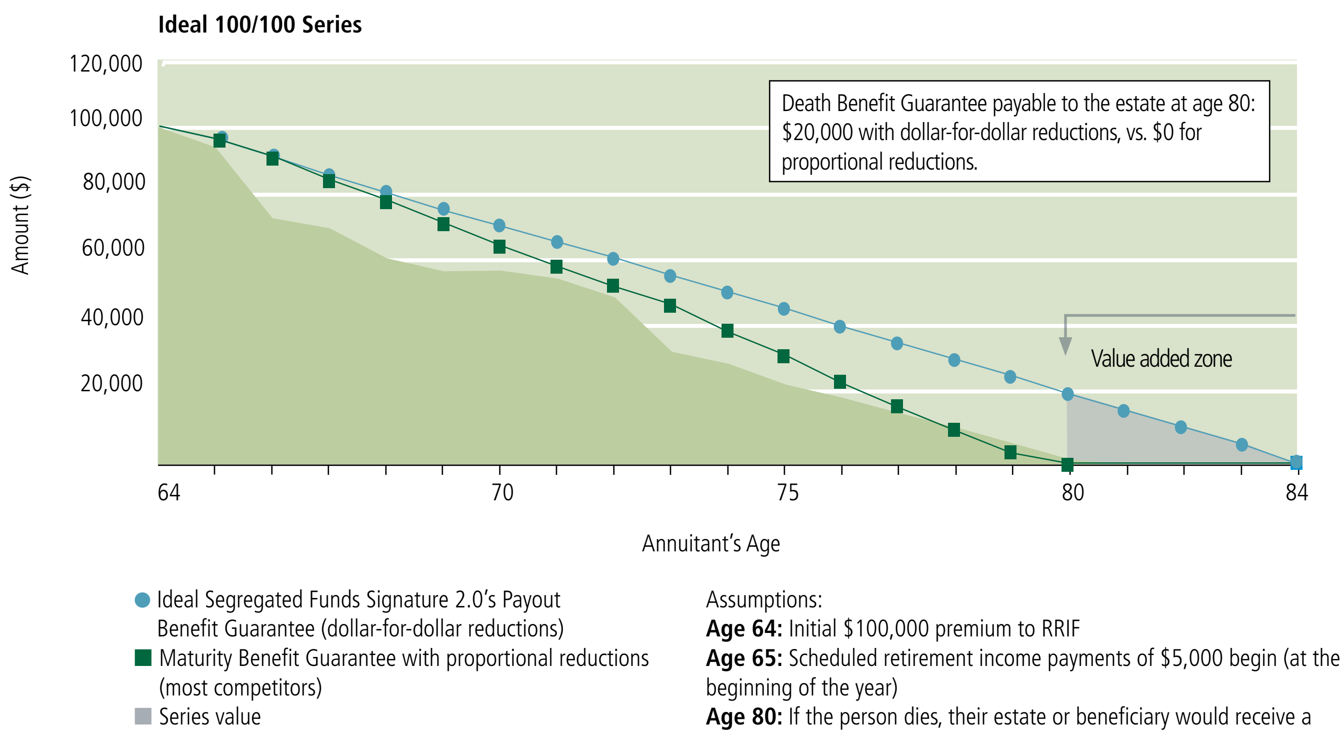
Ideal 75/75 Series

- Greater of: series value or 75% of the Death Guarantee Value less the sum of scheduled retirement income payments received

See the Death Benefit Guarantee in action

Compare the value of our Death Benefit Guarantee (with dollar-for-dollar reductions) to the majority of our competitors' Death Benefit Guarantees (with proportional reductions). Dollar-for-dollar reductions can mean significantly more money for beneficiaries or the estate in down markets.

In this example, we compare our 100% Death Benefit Guarantee to the majority of its competitors 100% Death Benefit Guarantee in retirement.



Assumptions:
Age 64: Initial $100,000 premium to RRIF
Age 65: Scheduled retirement income payments of $5,000 begin (at the beginning of the year)
Age 80: If the person dies, their estate or beneficiary would receive a death benefit of $20,000 from Manulife
Average rate of return: -0.10%
For illustration purposes, this is an arbitrary figure and includes random returns (negative and positive) generating an average -0.10% return over the period.

Dollar-for-dollar reductions are more favourable in down markets.

For more information, please contact your advisor

Manulife Investments

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