Manulife
Investments

Superior strategy for retirement income

DISCOVER THE STRATEGY THAT CAN BETTER PROTECT YOUR RETIREMENT INCOME IN DOWN MARKETS

Ideal Segregated Funds Signature 2.0 offers Payout and Death Benefit Guarantees. They are designed to shine the brightest when markets are gloomy. **The secret?** In down markets, dollar-for-dollar reductions offer superior protection.

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. To know by how much the amount of 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. Here's why:

DOWN MARKET PEFORMANCE — **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[1] offering $16,667 more protection

Reduction

$25,000	Remaining Payout Benefit Guarantee[1]: $175,000	**Dollar-for-dollar**
$41,667[2]	Remaining Maturity Benefit Guarantee: $158,333	**Proportional**

[2] 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 reduction 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.

[1] 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 deposit of $200,000 and a scheduled retirement income payment of $25,000.

FLAT MARKET PEFORMANCE		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[1]: $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 PEFORMANCE		ANNUAL RETURN
Assuming Henry and Sarah 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 Henry and Sarah receive the market value.		
MARKET VALUE: $250,000	**GUARANTEE AMOUNT: $200,000**	**25%**

Reduction

$25,000	Remaining Payout Benefit Guarantee[1]: $175,000	**Dollar-for-dollar**
$20,000[2]	Remaining Maturity Benefit Guarantee: $180,000	**Proportional**

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

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

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

When markets are down, dollar-for-dollar reductions help deliver a superior income strategy.

For more information, please contact your advisor

Manulife Investments

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