



## IncomePlus (version 2) guarantee scenarios



GIF Select

Featuring IncomePlus®

JANUARY 1, 2012

This booklet has been designed by **The Manufacturers Life Insurance Company ("Manulife Financial")** to help explain how the guarantees are determined in various situations for GIF Select contracts issued on or after October 5, 2009. Most examples focus on IncomePlus situations.

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Most examples focus on IncomePlus situations.

**Throughout this document,  
market values are for illustration purposes only  
and may be exaggerated  
positively or negatively  
to illustrate how certain product features  
work in different situations**

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## Definitions

GMWB Component	Description	Calculation															
Guaranteed Withdrawal Benefit (GWB) Benefit Base	<ul style="list-style-type: none"> <li>The amount used to calculate the guaranteed income (Lifetime Withdrawal Amount – LWA) from the IncomePlus Series</li> </ul>	<ul style="list-style-type: none"> <li>The initial GWB Benefit Base is set to the initial deposit amount made to the IncomePlus Series</li> <li>The GWB Benefit Base changes \$ for \$ for any Net Deposit to the IncomePlus Series</li> <li>The GWB Benefit Base is increased immediately by:                             <ul style="list-style-type: none"> <li>Net Deposits</li> <li>IncomePlus Resets of the GWB Benefit Base</li> <li>GWB Bonuses</li> </ul> </li> <li>The GWB Benefit Base is reduced proportionally for withdrawals prior to LWA eligibility, prior to Election of the LWA and for withdrawals that Exceed the LWA or are subsequent to a withdrawal having Exceeded the LWA.</li> </ul>															
Lifetime Withdrawal Amount (LWA)	<ul style="list-style-type: none"> <li>The amount guaranteed to be available for withdrawal from the IncomePlus Series each calendar year for the life of the annuitant, or for both the annuitant and the Joint Life (if applicable)</li> </ul>	<ul style="list-style-type: none"> <li>LWA is available in two payout options: the Single Life Payout Option and the Joint Life Payout Option. The Joint Life must be the annuitant's spouse (or common-law partner) as defined by the Income Tax Act (Canada)</li> </ul> <table border="1" data-bbox="766 787 1929 963"> <thead> <tr> <th></th> <th colspan="2">Payout Percentages</th> </tr> <tr> <th>Age of Annuitant *</th> <th>Single Life Payout Option</th> <th>Joint Life Payout Option</th> </tr> </thead> <tbody> <tr> <td>55 - 64</td> <td>4%</td> <td>3.5%</td> </tr> <tr> <td>65 – 74</td> <td>5%</td> <td>4.5%</td> </tr> <tr> <td>75 or older</td> <td>6%</td> <td>5.5%</td> </tr> </tbody> </table> <p>* The age of the annuitant (or younger of annuitant and joint life for the joint life payout option) as at December 31<sup>st</sup> of the year of Election</p> <ul style="list-style-type: none"> <li>LWA eligibility date is January 1<sup>st</sup> of the year the annuitant or younger of annuitant and Joint Life, if applicable, turns 55 years old.</li> <li>The LWA recalculates immediately with subsequent Net Deposits provided the LWA has not been exceeded previously in the year. Additionally the LWA recalculates at year-end.</li> </ul>		Payout Percentages		Age of Annuitant *	Single Life Payout Option	Joint Life Payout Option	55 - 64	4%	3.5%	65 – 74	5%	4.5%	75 or older	6%	5.5%
	Payout Percentages																
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55 - 64	4%	3.5%															
65 – 74	5%	4.5%															
75 or older	6%	5.5%															
GWB Bonus (also referred to as income bonus)	<ul style="list-style-type: none"> <li>A reward for investors who do not take withdrawals from the IncomePlus Series funds</li> </ul>	<ul style="list-style-type: none"> <li>The GWB Bonus is available in any calendar year for the life of the contract if no withdrawals are taken in the calendar year.</li> <li>The GWB Bonus is calculated as 5% of the GWB Bonus Base</li> <li>The GWB Bonus is added to the GWB Benefit Base at year-end if no withdrawals from the IncomePlus Series are made during the entire calendar year.</li> </ul>															

<b>GMWB Component</b>	<b>Description</b>	<b>Calculation</b>
GWB Bonus Base	<ul style="list-style-type: none"> <li>• The amount used in the calculation of the GWB Bonus</li> </ul>	<ul style="list-style-type: none"> <li>• The GWB Bonus Base is:                             <ul style="list-style-type: none"> <li>○ Increased by Net Deposits</li> <li>○ Eligible to reset every third IncomePlus Anniversary Date</li> <li>○ Reduced immediately on a proportional basis if the GWB Benefit Base is reduced for a withdrawal.</li> </ul> </li> </ul>
IncomePlus Reset of the GWB Benefit Base	<ul style="list-style-type: none"> <li>• An upward adjustment to the GWB Benefit Base and, potentially, the LWA</li> </ul>	<ul style="list-style-type: none"> <li>• Automatically occurs every 3 years on the IncomePlus Anniversary Date if the market value of the IncomePlus Series is greater than the current GWB Benefit Base</li> <li>• Available until contract maturity</li> <li>• An IncomePlus Reset of the GWB Benefit Base only occurs if the market value of the IncomePlus Series is greater than the current GWB Benefit Base.</li> <li>• The GWB Benefit Base and GWB Bonus Base are independent from one another, as one can increase with a reset even while the other does not.</li> </ul>

## Important notes

- In all the examples in this document, the number of years we show as being eligible for withdrawals, and the amount of the withdrawals, may be reduced if withdrawal thresholds are exceeded, or if the last surviving annuitant dies
- In all the examples in this document, market values and rates of return are for illustration purposes only and may be exaggerated positively or negatively to illustrate how certain product features work in different situations
- In all the examples in this document, the owner is the annuitant unless otherwise indicated
- For simplicity, the IncomePlus Fees have not been factored into these examples (except #13)
- A redemption to pay for the IncomePlus Fee does not affect any guaranteed amounts, including GWB Benefit Base, Lifetime Withdrawal Amount (LWA), Death Benefit Guarantee (DBG) or Maturity Guarantee (MG)
- Where figures for “Remaining LWA” are shown at a year-end, this is the recalculated LWA available for the following calendar year
- For simplicity, calculated values may be rounded to the closest dollar
- LWA values shown in grey are available to the client (i.e. they are eligible to elect LWA), but the LWA has not yet been elected

## # 1 – How Deposits & Withdrawals affect the GWB Benefit Base & the LWA

### Situation

Jim, age 65, opens a new GIF Select contract under the Single Life Payout Option and deposits \$100,000 in the IncomePlus Series. He makes several deposits and withdrawals in the first calendar year.

### The guarantees

This simplified example shows how the GWB Benefit Base, GWB Bonus Base, the Lifetime Withdrawal Amount (LWA) and Death Benefit Guarantee (DBG) are affected by deposits and withdrawals.

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Oct 23, 2009	Initial Deposit	\$100,000	\$100,000	\$100,000	--	\$100,000	\$5,000	\$5,000	\$100,000
Nov 4, 2009	Deposit	\$40,000	\$141,456	\$140,000	--	\$140,000	\$7,000	\$7,000	\$140,000
Dec 9, 2009	Withdrawal	-\$7,000	\$139,500	\$140,000	--	(no change)\$140,000	(no change) \$7,000	\$0	\$133,311
Dec 30, 2009	Deposit	\$50,000	\$192,433	\$183,000	--	\$183,000	\$9,150	\$2,150	\$183,311

Deposits occurring after a withdrawal increase the GWB Benefit Base by the net amount.  $\$50,000 - \$7,000 = \$43,000$  increase to the GWB Benefit Base.

The subsequent deposit increases the LWA immediately by 5% of the Net Deposit amount.

### Key points

- Net Deposits increase the GWB Benefit Base and the GWB Bonus Base immediately on a dollar for dollar basis
- Withdrawals that do not exceed the Lifetime Withdrawal Amount do not reduce the GWB Benefit Base or the GWB Bonus Base
- Deposits increase the Death Benefit Guarantee dollar for dollar, but withdrawals reduce it on a proportional basis (i.e.  $\$7,000 \text{ (WD)} / \$146,500 \text{ (MV)}$  creates a 4.78% or \$6,689 reduction to the Death Benefit Guarantee)
- The Lifetime Withdrawal Amount is established with the initial GWB Benefit Base (the initial IncomePlus deposit) and is recalculated immediately following a subsequent Net Deposit and at year-end.
- Since a withdrawal was taken before the subsequent deposit on Dec 30, the GWB Benefit Base is increased by the Net Deposit and Remaining LWA is increased by 5% of the change to the GWB Benefit Base.  $[(\$50,000 - \$7,000) \times 5\% = \$2,150]$
- For the remainder of the year, only \$2,150 is available for withdrawal without causing a proportional reduction in the GWB Benefit Base and the GWB Bonus Base



## # 2 – What happens at year-end?

### Situation

Building on example #1, this example shows what happens at year-end.

### The guarantees

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Oct 23, 2009*	Initial Deposit	\$100,000	\$100,000	\$100,000	--	\$100,000	\$5,000	\$5,000	\$100,000
Nov 4, 2009	Deposit	\$40,000	\$141,456	\$140,000	--	\$140,000	\$7,000	\$7,000	\$140,000
Dec 9, 2009	Withdrawal	-\$7,000	\$139,500	\$140,000	--	\$140,000	\$7,000	\$0	\$133,311
Dec 15, 2009	Deposit	\$50,000	\$192,433	\$183,000	--	\$183,000	\$9,150	\$2,150	\$183,311
Dec 31, 2009	Year-end	--	\$192,471	\$183,000	No Bonus	\$183,000	\$9,150	\$9,150	\$183,311

There is no GWB Bonus since a withdrawal was made in this calendar year.

The LWA is recalculated immediately following each subsequent Net Deposit.

The GWB Bonus Base and GWB Benefit Base did not reduce as a result of the withdrawal because it was less than the LWA.

### Key points

- A GWB Bonus is applied only when no withdrawals have been made from the IncomePlus Series funds in the current calendar year.
- The Lifetime Withdrawal Amount does not change with each withdrawal and is recalculated immediately following each subsequent Net Deposit (provided the LWA has not been exceeded previously in the year).
- Following the Dec 15<sup>th</sup> deposit, for the remainder of the year, only \$2,150 [\$43,000 Net Deposit (\$50,000 - \$7,000) x 5%] is available for withdrawal without causing a proportional reduction in the GWB Benefit Base
- Had the client selected 'LWA' as a scheduled withdrawal payment (SWP), a \$2,150 withdrawal would have been made automatically at year-end to maximize guaranteed income.

### # 3 – Taking maximum advantage of GWB Bonuses

Situation

Mary invests in the IncomePlus Series at age 51 under the Single Life Payout Option and delays taking income for 20 years to get the benefit of GWB Bonuses. Even in completely flat market conditions, her guaranteed income increases substantially. Resets are not shown since they are not applicable (assuming no market growth to lock in).

The guarantees

The income bonus in the first year is a full year bonus.

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Oct 23, 2009 - age 51	Initial Deposit	\$100,000	\$100,000	\$100,000		\$100,000	-	\$100,000
Dec 31, 2009 - age 51	Year-end	--	\$100,000	\$100,000	\$5,000	\$105,000	-	\$100,000
Dec 31, 2010 – age 52	Year-end	--	\$100,000	\$100,000	\$5,000	\$110,000	-	\$100,000
Dec 31, 2011 – age 53	Year-end	--	\$100,000	\$100,000	\$5,000	\$115,000	-	\$100,000
Dec 31, 2012 – age 54	Year-end	--	\$100,000	\$100,000	\$5,000	\$120,000	\$4,800	\$100,000
Dec 31, 2013– age 55	Year-end	--	\$100,000	\$100,000	\$5,000	\$125,000	\$5,000	\$100,000
Dec 31, 2014 – age 56	Year-end	--	\$100,000	\$100,000	\$5,000	\$130,000	\$5,200	\$100,000
Dec 31, 2015 – age 57	Year-end	--	\$100,000	\$100,000	\$5,000	\$135,000	\$5,400	\$100,000
Dec 31, 2016 – age 58	Year-end	--	\$100,000	\$100,000	\$5,000	\$140,000	\$5,600	\$100,000
Dec 31, 2017 – age 59	Year-end	--	\$100,000	\$100,000	\$5,000	\$145,000	\$5,800	\$100,000
Dec 31, 2018 – age 60	Year-end	--	\$100,000	\$100,000	\$5,000	\$150,000	\$6,000	\$100,000
Dec 31, 2019 – age 61	Year-end	--	\$100,000	\$100,000	\$5,000	\$155,000	\$6,200	\$100,000
Dec 31, 2020 – age 62	Year-end	--	\$100,000	\$100,000	\$5,000	\$160,000	6,400	\$100,000
Dec 31, 2021 – age 63	Year-end	--	\$100,000	\$100,000	\$5,000	\$165,000	6,600	\$100,000
Dec 31, 2022 – age 64	Year-end	--	\$100,000	\$100,000	\$5,000	\$170,000	\$8,500	\$100,000
Dec 31, 2023 – age 65	Year-end	--	\$100,000	\$100,000	\$5,000	\$175,000	\$8,750	\$100,000
Dec 31, 2024 – age 66	Year-end	--	\$100,000	\$100,000	\$5,000	\$180,000	\$9,000	\$100,000
Dec 31, 2025 – age 67	Year-end	--	\$100,000	\$100,000	\$5,000	\$185,000	\$9,250	\$100,000
Dec 31, 2026 – age 68	Year-end	--	\$100,000	\$100,000	\$5,000	\$190,000	\$9,500	\$100,000
Dec 31, 2027 – age 69	Year-end	--	\$100,000	\$100,000	\$5,000	\$195,000	\$9,750	\$100,000
Dec 31, 2028 – age 70	Year-end	--	\$100,000	\$100,000	\$5,000	\$200,000	\$10,000	\$100,000

[Key Points](#)

- At the end of each year, since no withdrawals were taken, a GWB Bonus is added to the GWB Benefit Base, then when the Lifetime Withdrawal Amount becomes available, it is recalculated every year end – this happens every year since no withdrawals are taken
- There is a full income bonus in the first year even though the initial deposit was made in October
- Note that the GWB Bonus Base is not affected (increased) by the GWB Bonus amount
- Because Mary delayed withdrawals for 20 years, she now has a minimum of \$10,000 available to her every year for her lifetime starting January 1, 2023 (provided she never exceeds the LWA and that she makes an Election to begin receiving the LWA at that time) – this amount may further increase with GWB Resets to the Benefit Base and Bonus Base if markets go up
- Alternatively, Mary could wait until age 75 to make withdrawals from the IncomePlus Series so she can take advantage of an even higher payout percentage of 6%

## # 4a – IncomePlus Resets – Accumulation phase

### Situation

Jim, age 65, opens a GIF Select contract on October 23, 2009 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. The markets do well and the market value of Jim’s IncomePlus Series increases over time. Jim delays taking income to get the full benefit of GWB Bonuses. By the 3<sup>rd</sup> IncomePlus Anniversary Date, the market value has reached \$250,000.

### The guarantees

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Oct 23, 2009*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$200,000
Dec 31, 2009	Year-end	--	\$201,947	\$200,000	\$10,000	\$210,000	\$10,500	\$200,000
Dec 31, 2010	Year-end	--	\$219,946	\$200,000	\$10,000	\$220,000	\$11,000	\$200,000
Dec 31, 2011	Year-end	--	\$234,777	\$200,000	\$10,000	\$230,000	\$11,500	\$200,000
Oct 23, 2012	<b>IncomePlus Reset</b>	--	\$250,000	<b>\$250,000</b>	--	<b>\$250,000</b>	\$11,500	<b>\$250,000</b>
Dec 31, 2012	Year-end	--	\$251,665	\$250,000	\$12,500	\$262,500	\$13,125	\$250,000

Because of the reset, the GWB Bonus is now calculated on a higher amount (5% of \$250,000) so each bonus is for a greater amount.

The IncomePlus Reset increases the GWB Benefit Base immediately – but the LWA is not recalculated until year-end.

### Key Points

- At the end of each year, since no withdrawal was taken, a GWB Bonus is added to the GWB Benefit Base, then the Lifetime Withdrawal Amount is recalculated – this happens every year since no withdrawals have ever been taken
- Jim gets the benefit of a full GWB Bonus in the first calendar year, even though his initial deposit was in October
- IncomePlus Resets of the GWB Benefit Base and Bonus Base occur every 3 years on the IncomePlus Anniversary Date if the market value is higher than the current GWB Benefit and Bonus Base, respectively
- The GWB Benefit Base, the GWB Bonus Base and the Death Benefit Guarantee are increased on the reset date - October 23, 2012
- The GWB Benefit Base may change on the IncomePlus Anniversary Date, but the Lifetime Withdrawal Amount does not change until it is recalculated at year-end.

# # 4b – IncomePlus Resets – Slight Returns

Situation

Jim’s IncomePlus Series investments grow slowly over time – he delays taking income to get the full benefit of GWB Bonuses.

The guarantees

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Oct 23, 2009*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$200,000
Dec 31, 2009	Year-end	--	\$200,547	\$200,000	\$10,000	\$210,000	\$10,500	\$200,000
Dec 31, 2010	Year-end	--	\$202,499	\$200,000	\$10,000	\$220,000	\$11,000	\$200,000
Dec 31, 2011	Year-end	--	\$203,124	\$200,000	\$10,000	\$230,000	\$11,500	\$200,000
Oct 23, 2012	<b>IncomePlus Reset</b>	--	\$204,742	<b>\$204,742</b>	--	<b>\$230,000</b>	\$11,500	<b>\$204,742</b>
Dec 31, 2012	Year-end	--	\$205,122	\$204,742	\$10,237	\$240,237	\$12,012	\$204,742

The IncomePlus Reset increases the GWB Bonus Base because the market value is higher than the existing GWB Bonus Base.

The IncomePlus Reset does not change the GWB Benefit Base because the market value at the time of reset is less than the existing GWB Benefit Base.

The IncomePlus Reset increases the DBG amount because the market value is higher than the existing DBG.

Key Points

- At the end of each year, since no withdrawal was taken, a GWB Bonus is added to the GWB Benefit Base, then the Lifetime Withdrawal Amount is recalculated – this happens every year since no withdrawals have ever been taken
- IncomePlus Resets of the GWB Benefit Base and Bonus Base occur every 3 years on the IncomePlus Anniversary Date if the market value is higher than the current GWB Benefit and Bonus Base, respectively
- The GWB Bonus Base and Death Benefit Guarantee are reset as the market value is greater than the current guarantee. The GWB Benefit Base is not reset because the current GWB Benefit Base is already higher than the market value as a result of the income bonuses received in 2009, 2010 and 2011

## # 4c – IncomePlus Resets – During income phase with moderate returns

### Situation

The markets do fairly well and the market value of Jim’s IncomePlus deposits increases. Jim is 65 when he firsts invests. He chooses the Single Life Payout Option and elects to begin taking lifetime income of 5% immediately.

### The guarantees

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)	Remaining LWA	DBG
Oct 23, 2009*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$10,000	\$200,000
Dec 1, 2009	Withdrawal	- \$10,000	\$200,605	\$200,000	--	\$200,000	\$10,000	\$0	\$190,504
Dec 31, 2009	Year-end	--	\$200,987	\$200,000	No bonus	\$200,000	\$10,000	\$10,000	\$190,504
Dec 1, 2010	Withdrawal	- \$10,000	\$196,941	\$200,000	--	\$200,000	\$10,000	\$0	\$181,298
Dec 31, 2010	Year-end	--	\$197,425	\$200,000	No bonus	\$200,000	\$10,000	\$10,000	\$181,298
Dec 1, 2011	Withdrawal	- \$10,000	\$193,223	\$200,000	--	\$200,000	\$10,000	\$0	\$172,377
Dec 31, 2011	Year-end	--	\$193,988	\$200,000	No bonus	\$200,000	\$10,000	\$10,000	\$172,377
Oct 23, 2012	<b>IncomePlus Reset</b>	--	\$201,500	↑ <b>\$201,500</b>	--	<b>\$201,500</b>	\$10,000	\$10,000	<b>\$201,500</b>
Dec 1, 2012	Withdrawal	- \$10,000	\$180,246	\$201,500	--	↑ \$201,500	\$10,000	\$0	\$192,058
Dec 31, 2012	Year-end	--	\$180,555	\$201,500	No bonus	\$201,500	\$10,075	\$10,075	\$192,058

The GWB Bonus Base is reset to the market value.

The IncomePlus Reset increases the GWB Benefit Base immediately but the LWA does not change until year-end.

### Key points

- Jim, 65 at initial purchase and having chosen the Single Life Payout Option, is entitled to an LWA payout percentage of 5% of his GWB Benefit Base
- Since a withdrawal is taken in every year, a GWB Bonus is not received in any calendar year.
- On the third IncomePlus Anniversary Date, the GWB Benefit Base, GWB Bonus Base and the Death Benefit Guarantee are increased to \$201,500 immediately.
- The Lifetime Withdrawal Amount, however, is not increased immediately following the reset. The LWA is re-calculated on Dec 31, 2012 to be 5% of the new GWB Benefit Base (\$201,500 x 5% = \$10,075).

## # 5 – Making withdrawals before LWA is elected (strong returns)

### Situation

Julie, age 63, opens a GIF Select contract on October 23, 2009 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. She begins taking withdrawals in 2009 before she has elected to lock-in a lifetime income payout percentage because she wants to wait for the 5% payout percentage available in the year she reaches age 65. On December 31, 2010, she is eligible for an LWA payout percentage of 5% since she is age 64 and will be turning 65 in the coming calendar year. She elects to lock in a payout percentage then.

The GWB Benefit Base is reduced proportionally for withdrawals before age 65.

### The guarantees

\* The IncomePlus Anniversary Date is October 23 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Oct 23, 2009*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$8,000	\$200,000
Dec 1, 2009	Withdrawal	-\$10,000	\$200,426	\$190,495	--	\$190,495	\$7,620	\$190,495
Dec 31, 2009	Year-end	--	\$202,232	\$190,495	No bonus	\$190,495	\$7,620	\$190,495
Dec 1, 2010	Withdrawal	-\$10,000	\$211,929	\$181,911	--	\$181,911	\$7,276	\$181,911
Dec 31, 2010	Year-end <b>age 64</b>	--	\$213,112	\$181,911	No bonus	\$181,911	\$9,096	\$181,911
Dec 1, 2011	Withdrawal	-\$9,096	\$234,741	\$181,911	--	\$181,911	\$9,096	\$175,125
Dec 31, 2011	Year-end	--	\$236,900	\$181,911	No bonus	\$181,911	\$9,096	\$175,125
Oct 23, 2012	<b>IncomePlus Reset</b>	--	\$250,000	<b>\$250,000</b>	--	<b>\$250,000</b>	\$9,096	<b>\$250,000</b>
Dec 1, 2012	Withdrawal	-\$9,096	\$241,600	\$250,000	--	\$250,000	\$9,096	\$240,929
Dec 31, 2012	Year-end	--	\$242,466	\$250,000	No bonus	\$250,000	\$12,500	\$240,929

The IncomePlus Reset increases the GWB Benefit Base immediately. At year-end, the LWA increases to 5% of the new GWB Benefit Base.

After LWA eligibility, withdrawals taken up to the LWA will not reduce the GWB Benefit Base.

### Key points

- Withdrawals taken before eligibility or election of the LWA reduce the GWB Benefit Base, GWB Bonus Base and DBG proportionally. For the withdrawal in 2009, the calculation is as follows:  $\$200,000 - [(\$10,000/\$210,426) \times \$200,000] = \$190,495$
- At year end of the annuitant's age 64, a Lifetime Withdrawal Amount is calculated as 5% of the year end GWB (5% of \$181,911 is \$9,096) – Julie then elects to lock-in a payout percentage of 5%. As long as \$9,096 is not exceeded each following year, that amount will be available for life.
- On the third IncomePlus Anniversary Date, the GWB Bonus Base, GWB Benefit Base and Death Benefit Guarantee are all increased to \$250,000 immediately
- The LWA is recalculated at year-end 2012 when it becomes \$12,500 (5% of the GWB Benefit Base of \$250,000)

## # 6 – Exceeding the LWA

### Situation

Tony, age 69, opens a GIF Select contract on March 5, 2010 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. He elects to lock in a payout percentage and begin receiving lifetime income annually beginning the next year. On June 12, 2011, he withdraws \$30,000 (more than the LWA) during the 2<sup>nd</sup> calendar year and causes a proportional reduction in the GWB Benefit Base and GWB Bonus Base. The market value of his IncomePlus Series before the withdrawal is **\$184,000**.

### The guarantees

The GWB Bonus Base and GWB Benefit Base are reduced proportionally because the LWA was exceeded. The LWA is re-calculated at year end to be 5% of the GWB Benefit Base.

\* The IncomePlus Anniversary Date is March 5 (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)	Remaining LWA	DBG
Mar 5, 2010*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$10,000	\$200,000
Dec 31, 2010	Year-end	--	\$202,999	\$200,000	\$10,000	\$210,000	\$10,500	\$10,500	\$200,000
Jun 12, 2011	Withdrawal	-\$30,000	\$154,000	<b>\$167,391</b>	--	\$175,761	\$10,500	\$0	\$167,391
Oct 5, 2011	Deposit	\$20,000	\$176,000	<b>\$167,391</b>	--	\$175,761	\$10,500	\$0	\$187,391
Dec 31, 2011	Year-end	--	\$180,000	<b>\$167,391</b>	No bonus	\$175,761	\$8,788	\$8,788	\$187,391

The GWB Benefit Base and LWA are not increased by the additional deposit on October 5<sup>th</sup> because the withdrawal taken on June 12<sup>th</sup> was greater than the amount of the subsequent deposit (YTD deposits < \$0). The net increase to the GWB Benefit Base is zero.

### Key points

- In this case, because the LWA is exceeded, the GWB Benefit Base is reduced from \$200,000 to \$174,366 and the GWB Bonus Base is reduced proportionately as follows:
- $\$200,000 - [(\$30,000/\$184,000) \times \$200,000]$
- If the LWA had not been exceeded, there would not have been a reduction in the GWB Benefit Base or GWB Bonus Base for the withdrawal
- The GWB Benefit Base is not increased by the additional deposit of \$20,000 because \$30,000 was withdrawn earlier in the year. Subsequent deposits must be greater than the year's withdrawals for the GWB Benefit Base and GWB Bonus Base to increase.
- The LWA is usually re-calculated immediately following a subsequent deposit; however, due to the excess withdrawal, there is no recalculation until year end.

### Protect Your Guarantees with Guarantee Guard

To assist in managing the Guaranteed Minimum Withdrawal Benefit (GMWB) provided under the IncomePlus Series, a service called Guarantee Guard is available. Under this service, any withdrawal that will exceed the LWA or is requested prior to LWA eligibility or election is not processed until confirmation from the client or advisor (with underlying client consent) is received.



## # 7 – RRIF Minimum greater than the LWA (RRIF contract holding IncomePlus Series only)

### Situation

At age 71, Bob opens a new GIF Select contract and deposits only in the IncomePlus Series under the single life payment option – he elects to lock in a payout percentage immediately. He has a RRIF contract and his RRIF Minimum amount for the year after he purchases his contract is 7.38% of the market value of the contract or \$15,000.

### The guarantees

This example shows how Bob is able to withdraw more than the LWA – up to the RRIF Minimum amount, without causing a proportional reduction in the GWB Benefit Base. Let's assume Bob wants to take an annual payment of the RRIF Minimum Amount on June 1, 2010.

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Nov 14, 2009	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$10,000	\$200,000
Dec 31, 2009	Year-end	--	\$203,252	\$200,000	\$10,000	\$210,000	\$10,500	\$10,500	\$200,000
June 1, 2010	RRIF minimum Withdrawal	- \$15,000	\$195,477	\$200,000	--	\$210,000	\$10,500	\$0	\$185,747
Dec 31, 2010	Year-end	--	\$199,426	\$200,000	No bonus	\$210,000	\$10,500	\$10,500	\$185,747

### Key points

- No withdrawal is required from the RRIF contract in the first calendar year
- Since no withdrawal was made in the first calendar year, a full 5% GWB Bonus is applied (5% x \$200,000 = \$10,000)
- No GWB Bonus is applied in 2010 since a withdrawal was made during the calendar year
- The GWB Benefit Base is not reduced by the amount of the withdrawal (\$15,000) because Bob can withdraw the greater of the RRIF minimum or the LWA without causing a proportional reduction in the GWB Benefit Base or the GWB Bonus Base
- The benefit in being able to withdraw up to the RRIF Minimum amount (being able to exceed the LWA) is available in both Client Name RRIFs and Nominee Name RRIFs. A notional RRIF minimum is calculated for Nominee Name accounts, assuming that GIF Select is on the only investment that is held in the account.

## # 8a – RRIF contract holding InvestmentPlus Series & IncomePlus Series

### Situation

Paul opens a new GIF Select contract on July 31, 2010 at age 71 and invests his money as follows: \$36,000 in the InvestmentPlus Series and \$154,000 in the IncomePlus Series under the single life payment option. He elects to begin receiving payments of his LWA right away. His RRIF Minimum payment for the year after he purchases his contract is 7.38% of the market value of the contract or \$14,760.

### The guarantees

Since the market value of Paul's contract at the calendar year-end is weighted 80% in IncomePlus Series and 20% in the InvestmentPlus Series, he is eligible to withdraw the greater of the LWA or 80% of the RRIF minimum amount from the IncomePlus Series without having a negative impact on the income guarantee.

Date	Transaction	Amount	Market Value After transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)
July 31, 2010	Initial deposit	InvestmentPlus Series \$36,000 IncomePlus Series \$154,000	InvestmentPlus Series \$36,000 IncomePlus Series \$154,000	\$154,000	--	\$154,000	\$7,700
Dec 31, 2010	Year end	--	InvestmentPlus Series \$40,000 IncomePlus Series \$160,000	\$154,000	\$7,700	\$161,700	\$8,085
Jun 1, 2011	RRIF Minimum Withdrawal	InvestmentPlus Series -\$2,952 IncomePlus Series -\$11,808	- \$14,760 (7.38% of \$200,000) (20% or \$2,952 from InvestmentPlus Series) (80% or \$11,808 from IncomePlus Series)	\$154,000	--	\$161,700	(no change) \$8,085
Dec 31, 2011	Year-end	--	InvestmentPlus Series \$44,000 IncomePlus \$166,000	\$154,000	No bonus	\$161,700	(no change) \$8,085

### Key points

- Paul can withdraw up to \$11,808 from the IncomePlus Series (80% of the RRIF minimum amount for the contract), even though that amount exceeds the LWA, without causing a proportional reduction in the GWB Benefit Base
- Keep in mind that the RRIF minimum withdrawal can be funded any way the client chooses (all from InvestmentPlus Series or a combination of Series) – the product allows for the proportionate RRIF Minimum amount (also known as the Adjusted IncomePlus RRIF Minimum amount) to be taken from the IncomePlus Series without causing a proportional reduction in the GWB Benefit Base

See example 8b on the following page for an example of how to take advantage of the GWB Bonus while taking income.

## # 8b – RRIF Min. taken from InvestmentPlus to maximize GWB Bonuses in IncomePlus

### Situation

Susan, age 71, opens a new GIF Select contract on July 14, 2010 and invests enough money in the InvestmentPlus Series to fund her RRIF Minimum withdrawals for the next few years so that the deposits in the IncomePlus Series (under a Single Life Payout Option) can earn GWB Bonuses. She has a RRIF contract where the RRIF Minimum amount for the year after she purchases her contract is 7.38% of the market value of the contract or \$15,000.

### The guarantees

This example shows how Susan is able to withdraw the amount required from her RRIF without making withdrawals from the IncomePlus Series. That way, she benefits from the GWB Bonus, which increases her guaranteed lifetime income. Let's assume Susan wants to take an annual payment on June 1 of each year starting in 2011 and she elects to lock in a payout percentage immediately.

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)	Remaining LWA	IncomePlus DBG
July 14, 2010	Initial Deposit	InvestmentPlus Series \$40,000 IncomePlus Series \$160,000	InvestmentPlus Series \$40,000 IncomePlus Series \$160,000	\$160,000	--	\$160,000	\$8,000	\$8,000	\$160,000
Dec 31, 2010	Year-end	--	InvestmentPlus Series \$41,052 IncomePlus Series \$162,200	\$160,000	\$8,000	\$168,000	\$8,400	\$8,400	\$160,000
June 1, 2011	RRIF Withdrawal	InvestmentPlus Series -\$15,000	InvestmentPlus Series \$27,000 IncomePlus Series \$164,000	\$160,000	--	\$168,000	\$8,400	\$8,400	\$160,000
Dec 31, 2011	Year-end	--	InvestmentPlus Series \$24,000 IncomePlus Series \$164,500	\$160,000	\$8,000	\$176,000	\$8,800	\$8,800	\$160,000

Susan benefits from GWB Bonuses even while she's receiving RRIF income

### Key points

- Since no withdrawal was made in the first calendar year, a full 5% GWB Bonus is applied (5% x \$160,000 = \$8,000)
- By taking the RRIF payments from the InvestmentPlus Series, Susan is able to benefit from GWB Bonuses in the IncomePlus Series– this maximizes her GWB Benefit Base and therefore, her retirement income
- The RRIF Minimum is calculated based on the market value of the entire contract (the value of both Series) and the payments can be taken from one or both Series of funds

## # 9a – Joint lifetime income (spouses are different ages) – Income Later

### Situation

Paul, age 67, opens a GIF Select contract in the IncomePlus Series under the Joint Life Payout Option on July 28, 2010. His wife Karen is 61 years old at the time of purchase. Paul and Karen wait until the year Karen is 65 so they can take advantage of a 4.5% payout percentage for both their lifetimes. The IncomePlus guarantees change year after year due to GWB Bonuses and resets. If Paul and Karen elected to begin receiving lifetime income immediately, they would only be entitled to a payout of 3.5% (because they didn't wait to be eligible for the higher tier).

### The guarantees

\* The IncomePlus Anniversary Date is July 28<sup>th</sup> (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Jul 28, 2010*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$7,000	\$200,000
Dec 31, 2010	Year-end	--	\$200,642	\$200,000	\$10,000	\$210,000	\$7,350	\$200,000
Dec 31, 2011	Year-end	--	\$211,000	\$200,000	\$10,000	\$220,000	\$7,700	\$200,000
Dec 31, 2012	Year-end	--	\$227,400	\$200,000	\$10,000	\$230,000	\$8,050	\$200,000
Jul 28, 2013	<b>IncomePlus Reset</b>	--	\$250,000	<b>\$250,000</b>	--	<b>\$250,000</b>	\$8,050	<b>\$250,000</b>
Dec 31, 2013	Year-end – <b>Age 64</b>	--	\$250,250	\$250,000	\$12,500	\$262,500	\$11,813	\$250,000

Paul and Karen are eligible for a 3.5% payout percentage until Dec 31, 2013 (Dec 31 of the year Karen turns 64) – on that date, they are eligible for an LWA payout percentage of 4.5% of the GWB Benefit Base on that date.

The GWB Benefit Base, GWB Bonus Base and the DBG are reset to the market value of \$250,000.

### Key points

- At issue, Paul and Karen are eligible for an LWA of 3.5% of the GWB Benefit Base. They wait until the year Karen reaches age 65 so they can get to the next tier where the payout percentage is 4.5%.
- A full GWB Bonus of 5% is applied at the end of 2010 even though the contract was opened in July (no withdrawals were taken during the year)
- When the IncomePlus Reset of the Benefit Base and Bonus Base occurs, the GWB Benefit Base, the DBG and the GWB Bonus Base are increased immediately.
- The new GWB Bonus Base results in a higher income bonus at the end of the year (5% of \$250,000 rather than \$200,000)
- On December 31, 2013, Karen reaches the eligibility age for the next tier of lifetime income and they elect to lock in a payout percentage. An LWA is calculated – now Paul and Karen are guaranteed to receive a minimum of \$11,813 per year (4.5% of \$262,500) for both their lifetimes starting January 1, 2014, provided the annual threshold is never exceeded.

## # 9b – Joint lifetime income (spouses are different ages) – Income Now before election of the LWA

### Situation

This scenario is the same as #9a except that income is taken beginning in 2011 (before LWA eligibility).

Paul, age 67, opens a GIF Select contract in the IncomePlus Series under the Joint Life Payout Option on July 28, 2010. His wife Karen is 61 years old at the time of purchase. Paul and Karen begin taking income before electing the LWA so each withdrawal reduces all the guarantees proportionally.

### The guarantees

\* The IncomePlus Anniversary Date is July 28<sup>th</sup> (the date of the first deposit to IncomePlus Series funds)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Jul 28, 2010*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$7,000	\$200,000
Dec 31, 2010	Year-end	--	\$200,642	\$200,000	\$10,000	\$210,000	\$7,350	\$200,000
June 30, 2011	Withdrawal	-\$10,000	\$199,550	\$190,456	-	\$199,979	\$7,350	\$190,456
Dec 31, 2011	Year-end	--	\$201,000	\$190,456	No bonus	\$199,979	\$6,999	\$190,456
June 30, 2012	Withdrawal	-\$10,000	\$202,525	\$181,494	-	\$190,569	\$6,999	\$181,494
Dec 31, 2012	Year-end	--	\$207,400	\$181,494	No bonus	\$190,569	\$6,670	\$181,494
June 30, 2013	Withdrawal	-\$10,000	\$204,630	\$173,038	-	\$181,690	\$6,670	\$173,038
Jul 28, 2013	<b>IncomePlus Reset</b>	--	\$205,000	<b>\$205,000</b>	--	<b>\$205,000</b>	\$6,670	<b>\$205,000</b>
Dec 31, 2013	Year-end – <b>Age 64</b> ↑	--	\$210,250	\$205,000	No bonus	\$205,000	\$9,225	\$205,000

Karen is eligible for an LWA of 3.5% until Dec 31, 2013 (Dec 31 of the year she turns 64) – then the LWA is increased to 4.5% of the GWB Benefit Base on that date.

The GWB Benefit Base, GWB Bonus Base and the DBG are reset to the market value of \$205,000.

### Key points

- At issue, Paul and Karen are eligible for an LWA of \$7,000 for their lifetimes, but they do not elect to lock in their payout percentage yet.
- The withdrawals taken in 2011, 2012 and 2013 reduce the GWB Benefit Base, GWB Bonus Base and DBG proportionally. For the withdrawal in 2011, the GWB Benefit Base calculation is as follows:  $\$210,000 - [(\$10,000/\$209,550) \times \$210,000] = \$199,979$
- On Dec 31, 2013 the younger annuitant (Karen) is age 64 and Paul and Karen are eligible for an LWA of 4.5% of the GWB Benefit Base (4.5% of \$205,000 is \$9,225). If they elect LWA at that time, as long as \$9,225 is never exceeded, that amount will be available beginning in 2014 and for the lives of both Paul and Karen.

## # 10 – Guaranteed Payment Phase (Worst case scenario - Market Value →\$0)

### Situation

Dave, age 70, opens a GIF Select contract on June 1, 2010 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. He elects to begin receiving his LWA immediately. This example illustrates a worst-case scenario and shows what happens to Dave's IncomePlus guarantees over time. Through a combination of withdrawals and poor market conditions the market value of the IncomePlus Series reduces to zero. No resets are ever done. The GWB Bonus columns have been left out since taking income each year makes the contract ineligible for GWB Bonuses.

Market value & DBG reach zero

Lifetime income continues for the life of the annuitant after the GWB Benefit Base reaches 0.

### The guarantees

Date	Transaction	Amount	Market Value after transaction	GWB Benefit Base	LWA	DBG
Jun 1, 2010	Initial Deposit	\$200,000	\$200,000	\$200,000	\$10,000	\$200,000
Oct 15, 2010	1 <sup>st</sup> LWA Withdrawal	-\$10,000	\$177,000	\$200,000	\$10,000	\$189,304.81
Dec 31, 2010	Year-end	--	\$171,000	\$200,000	\$10,000	\$189,304.81
Oct 15, 2011	2 <sup>nd</sup> LWA Withdrawal	-\$10,000	\$159,000	\$200,000	\$10,000	\$178,103.34
Dec 31, 2011	Year-end	--	\$156,400	\$200,000	\$10,000	\$178,103.34
Oct 15, 2012	3 <sup>rd</sup> LWA Withdrawal	-\$10,000	\$142,000	\$200,000	\$10,000	\$166,386.46
Dec 31, 2012	Year-end	--	\$149,000	\$200,000	\$10,000	\$166,386.46
...	...	Withdrawals continue...				
Oct 15, 2022	13 <sup>th</sup> LWA Withdrawal	-\$10,000	\$21,000	\$200,000	\$10,000	\$35,619.85
Oct 15, 2023	14 <sup>th</sup> LWA Withdrawal	-\$10,000	\$8,800	\$200,000	\$10,000	\$16,673.12
Oct 15, 2024	15 <sup>th</sup> LWA Withdrawal	-\$10,000	<b>\$0.00</b>	\$200,000	<b>\$10,000</b>	<b>\$0.00</b>
Oct 15, 2025	16 <sup>th</sup> LWA Withdrawal	-\$10,000	\$0.00	\$200,000	\$10,000	\$0.00
Oct 15, 2026	17 <sup>th</sup> LWA Withdrawal	-\$10,000	\$0.00	\$200,000	\$10,000	\$0.00

### Key points

- In this example, the GWB Benefit Base and Death Benefit Guarantee are never reset on the eligible IncomePlus Anniversary Dates because the market value of the IncomePlus Series is never higher than the corresponding guarantees – the same would be true for the GWB Bonus Base which is not shown in this example.
- The contract enters the Guaranteed Payment Phase with the 15<sup>th</sup> withdrawal because the \$8,800 market value is not sufficient to fund the \$10,000 LWA withdrawal. As a result of paying the LWA in 2024, the contract enters the Guaranteed Payment Phase (the market value reaches zero, but there is still a positive GWB Benefit Base and LWA). The client will receive the full \$10,000 on October 15, 2024 and then \$10,000 per year for life of the annuitant.
- Once the IncomePlus Series enters the Guaranteed Payment Phase, the Maturity and Death Benefit Guarantees will be set to zero.
- No supplementary deposits or adhoc withdrawals are allowed once a contract has entered Guaranteed Payment Phase.
- Once in Guarantee Phase, no IncomePlus Fee is charged to the client.

## # 11 – Ad hoc withdrawals before electing LWA income

### Situation

Paul, age 71, opens a Non-registered GIF Select contract on December 28, 2010 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. He intends to take income from his non-registered IncomePlus Series funds from time to time, but finds that in some years he doesn't need it. In the years when he does not take income, he benefits from receiving a GWB Bonus. He does not elect to lock in a payout percentage.

### The guarantees

This example illustrates how each year-end is an independent opportunity for a GWB Bonus which always increases the LWA for the following year. It also shows how withdrawals before LWA election proportionally reduce his guarantees and how the LWA is calculated at the time of election..

\* The IncomePlus Anniversary Date is December 28<sup>th</sup> (the date of the first deposit to IncomePlus Series)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Dec 28, 2010*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$200,000
Dec 31, 2010	Year-end	--	\$200,642	\$200,000	\$10,000	\$210,000	\$10,500	\$200,000
Dec 31, 2011	Year-end	--	\$211,000	\$200,000	\$10,000	\$220,000	\$11,000	\$200,000
May 14, 2012	Withdrawal	-\$5,000	\$210,400	\$195,357	--	\$214,893	\$11,000	\$195,357
Dec 31, 2012	Year-end	--	\$227,400	\$195,357	No bonus	\$214,893	\$10,745	\$195,357
Dec 28, 2013	<b>IncomePlus Reset</b>	--	\$231,000	<b>\$231,000</b>	--	<b>\$231,000</b>	\$10,745	<b>\$231,000</b>
Dec 31, 2013	Year-end – Age 74	--	\$231,450	\$231,000	\$11,550	\$242,550	\$14,553	\$231,000
Aug 22, 2014	Withdrawal	-\$14,553	\$224,400	\$231,000	--	\$242,550	\$14,553	\$216,317
Dec 31, 2014	Year-end	--	\$226,000	\$231,000	No bonus	\$242,550	\$14,553	\$216,317

Paul is now eligible for an LWA payout percentage of 6% and he elects to begin receiving LWA income

### Key points

- The income bonus in the first year is a full 5% even though the first deposit was made 3 days before year-end (no withdrawals made in 2010)
- A GWB Bonus is applied at the end of each calendar year where no withdrawal is made (2010, 2011 and 2013)
- When the IncomePlus reset occurs, the GWB Benefit Base, DBG and GWB Bonus Base are all increased immediately. The LWA does not increase until year end.
- The new GWB Bonus Base results in a higher GWB Bonus at the end of 2013 (5% of \$231,000 rather than \$195,357)
- The withdrawal on May 14, 2012 was done prior to election of the LWA, so it proportionally reduced all guarantee values

## # 12 – Resets of GWB Benefit Base for the life of the contract and of DBG to age 80

### Situation

Gary, age 75, opens a GIF Select contract on November 1, 2010, invests \$200,000 in the IncomePlus Series under the Single Life Payout Option. He elects to begin receiving his LWA immediately. Gary's date of birth is May 23, 1935.

### The guarantees

This example illustrates how the IncomePlus Resets continue every 3 years for the life of the contract while the Death Benefit Guarantee resets have an age limit of 80.

\* The IncomePlus Anniversary Date is November 1 (the date of the first deposit to IncomePlus Series funds)

Date	Age	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)	DBG
Nov 1, 2010*	75	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$12,000	\$200,000
Dec 31, 2010	75	Withdrawal	\$12,000	\$202,000	\$200,000	--	\$200,000	\$12,000	\$188,785
Dec 31, 2011	76	Withdrawal	\$12,000	\$209,000	\$200,000	--	\$200,000	\$12,000	\$178,534
Dec 31, 2012	77	Withdrawal	\$12,000	\$211,500	\$200,000	--	\$200,000	\$12,000	\$168,948
Nov 1, 2013	<b>78</b>	<b>IncomePlus Reset</b>	--	\$211,000	<b>\$211,000</b>	--	<b>\$211,000</b>	\$12,000	<b>\$211,000</b>
Dec 31, 2013	78	Withdrawal	\$12,000	\$205,700	\$211,000	--	\$211,000	\$12,660	\$199,369
Dec 31, 2014	79	Withdrawal	\$12,660	\$202,900	\$211,000	--	\$211,000	\$13,750	\$187,660
May 23, 2015	80 <sup>th</sup> birthday	Age reset	--	\$213,000	\$211,000	--	\$211,000	\$13,750	<b>\$213,000</b>
Dec 31, 2015	80	Withdrawal	\$12,660	\$205,400	\$211,000	--	\$211,000	\$14,375	\$200,634
Nov 1, 2016	<b>81</b>	<b>IncomePlus Reset</b>	--	\$218,500	<b>\$218,500</b>	--	<b>\$218,500</b>	\$14,375	\$200,634
Dec 31, 2016	81	Withdrawal	\$12,660	\$200,000	\$218,500	--	\$218,500	\$15,146	\$188,690

The 2<sup>nd</sup> IncomePlus Reset occurs after Gary reaches age 80, so only the GWB Benefit Base & GWB Bonus Base are reset.

On Gary's 80<sup>th</sup> birthday, only the DBG is reset (not the GWB Benefit Base or GWB Bonus Base).

Since Gary is not yet 80, the IncomePlus Reset affects all guarantees.

### Key Points

- The IncomePlus Reset continues to affect the GWB Benefit Base and GWB Bonus Base for the life of the contract, while the DBG is only eligible for reset until the IncomePlus Anniversary Date before the annuitant's 80<sup>th</sup> birthday and then again on the annuitant's 80<sup>th</sup> birthday.
- The initial contract maturity date (December 31, age 100) can be extended.



## # 13 – IncomePlus Fee does not affect guarantees

### Situation

Bob, age 58, opens a GIF Select contract on November 14, 2010 and deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option. He does not elect to receive his LWA yet. Each year, units are redeemed from Bob's IncomePlus Series funds to pay the IncomePlus Fee. The calculation of the fee amount is done at year-end after the GWB Benefit Base is recalculated. The funds that Bob held during the previous year are one of the factors taken into consideration when determining the amount of the fee. The redemption to pay the IncomePlus Fee is done on the first business day of the following calendar year.

### The guarantees

This example shows how the redemption to pay the IncomePlus Fee does not affect guarantees.

\* The IncomePlus Anniversary Date is November 14<sup>th</sup> (the date of the first deposit to IncomePlus Series)

Date	Transaction	Amount	Market Value	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Nov 14, 2010	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$8,000	\$200,000
Dec 31, 2010	Year-end	--	\$205,477	\$200,000	\$10,000	\$210,000	\$8,400	\$200,000
Jan 2, 2011	Fee Redemption	-\$1,785	\$204,082	\$200,000	--	\$210,000	\$8,400	\$200,000
Dec 31, 2011	Year-end	--	\$212,212	\$200,000	\$10,000	\$220,000	\$8,800	\$200,000

No LWA will be calculated until Bob reaches the LWA eligibility date (January 1 of the year he reaches age 65). However, we do show the amount of LWA Bob could elect to receive.

### Key points

- Bob receives a full income bonus in the first year even though his initial deposit was made in November
- Bob is eligible for an LWA of 4%, but does not elect to lock in his payout percentage at this time
- The \$1,785 fee is based on Bob investing in a Balanced Fund (Fee level 3 of 85 bps). The Fund Fee Rate is applied against the year-end GWB Benefit Base of \$210,000. ( $0.0085 \times \$210,000 = \$1,785$ ). Please see Section 5.2.1 of the IncomePlus Information Folder and Contract for a more in-depth description on how the Fee is calculated.
- The IncomePlus Fee reduces the market value of the IncomePlus Series
- The redemption done to pay the IncomePlus Fee does not reduce any of the guarantees applicable to the IncomePlus Series (the GWB Benefit Base, the Lifetime Withdrawal Amount, the GWB Bonus Base, the Death Benefit Guarantee or the Maturity Guarantee)

## # 14 – Taking a lump-sum withdrawal after reset, rather than increasing lifetime income

### Situation

Jennifer, age 65, opens a GIF Select contract on November 2, 2010, deposits \$200,000 into the IncomePlus Series under the Single Life Payout Option and elects to begin taking income immediately. She begins taking withdrawals of the Lifetime Withdrawal Amount immediately. After a reset that would increase the amount of the Lifetime Withdrawal Amount, she takes a lump sum withdrawal rather than increasing the amount she receives annually for her lifetime.

### The guarantees

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	DBG
Nov 2, 2010*	Initial Deposit	\$200,000	\$200,000	\$200,000	--	\$200,000	\$10,000	\$200,000
Dec 1, 2010	Withdrawal	-\$10,000	\$191,426	\$200,000	--	\$200,000	\$10,000	\$190,071
Dec 31, 2010	Year-end	--	\$192,232	\$200,000	No bonus	\$200,000	\$10,000	\$190,071
Dec 1, 2011	Withdrawal	-\$10,000	\$195,929	\$200,000	--	\$200,000	\$10,000	\$180,841
Dec 31, 2011	Year-end	--	\$196,512	\$200,000	No bonus	\$200,000	\$10,000	\$180,841
Dec 1, 2012	Withdrawal	-\$10,000	\$200,741	\$200,000	--	\$200,000	\$10,000	\$172,260
Dec 31, 2012	Year-end	--	\$201,900	\$200,000	No bonus	\$200,000	\$10,000	\$172,260
Nov 2, 2013	<b>IncomePlus Reset</b>	--	\$220,000	<b>\$220,000</b>	--	<b>\$220,000</b>	\$10,000	<b>\$220,000</b>
Nov 5, 2013	Excess Withdrawal	-\$20,000	\$200,047	↑ \$200,004	--	\$200,004	\$10,000	↑ \$200,004
Dec 31, 2013	Year-end	--	\$201,039	\$200,004	No bonus	\$200,004	<b>\$10,000</b>	\$200,004

\* The IncomePlus Anniversary Date is November 2<sup>nd</sup> (the date of the first deposit to IncomePlus Series funds)

The excess withdrawal causes a proportional reduction in all the guarantees.

### Key points

Because a withdrawal exceeding the Lifetime Withdrawal Amount was done, all the guarantees are proportionally reduced (the Maturity Guarantee, Death Benefit Guarantee, GWB Benefit Base and the GWB Bonus Base).

- This example illustrates how it is possible to do an excess withdrawal in an up market without reducing the future guaranteed income stream.

## # 15a – Choosing the Joint Life Payout Option

### Situation

Jennifer, age 65, deposits \$240,000 into the IncomePlus Series under the Joint Life Payout Option and elects to begin taking withdrawals of the Lifetime Withdrawal Amount immediately. After a few years, Jennifer passes away and because Jennifer chose the Joint Life Payout Option when the contract was established, her husband continues to receive payments of the LWA as long as he lives.

### The guarantees

Since both Jennifer and her husband are age 65 or older when the LWA was elected, the LWA is calculated with the initial deposit. The Lifetime Withdrawal Amount is calculated as 4.5% of the GWB Benefit Base and continues, at the same amount, to Jennifer’s husband for the remainder of his lifetime.

\* The IncomePlus Anniversary Date is November 2<sup>nd</sup> (the date of the first deposit to IncomePlus Series)

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Nov 2, 2010*	Initial Deposit	\$240,000	\$240,000	\$240,000	--	\$240,000	\$10,800	\$10,800	\$240,000
Dec 1, 2010	Withdrawal	- \$10,800	\$229,426	\$240,000	--	\$240,000	\$10,800	\$0	\$229,210
Dec 31, 2010	Year-end	--	\$229,932	\$240,000	No bonus	\$240,000	\$10,800	\$10,800	\$229,210
Dec 1, 2011	Withdrawal	- \$10,800	\$226,929	\$240,000	--	\$240,000	\$10,800	\$0	\$218,797
Dec 31, 2011	Year-end	--	\$226,512	\$240,000	No bonus	\$240,000	\$10,800	\$10,800	\$218,797
Dec 1, 2012	Withdrawal	- \$10,800	\$228,741	\$240,000	--	\$240,000	\$10,800	\$0	\$208,932
Dec 31, 2012	Year-end	--	\$226,900	\$240,000	No bonus	\$240,000	\$10,800	\$10,800	\$208,932
Nov 2, 2013	<b>IncomePlus Reset</b>		\$218,000	<b>\$240,000</b>	--	<b>\$240,000</b>	\$10,800	\$10,800	<b>\$218,000</b>
Dec 1, 2013	Withdrawal	- \$10,800	\$204,248	\$240,000	--	\$240,000	\$10,800	\$0	\$207,052
Dec 31, 2013	Year-end	--	\$203,872	\$240,000	No bonus	\$240,000	\$10,800	\$10,800	\$207,052
Dec 1, 2014	Withdrawal	- \$10,800	\$189,976	\$240,000	--	\$240,000	\$10,800	\$0	\$195,914
Dec 15, 2014	<b>Annuitant dies</b>		\$190,500	\$240,000	--	\$240,000	\$10,800	\$0	\$195,914

Because the Joint Life Payout Option was chosen, payments of the \$10,800 LWA will continue for Jennifer’s husband’s lifetime. The DBG is not an option on Jennifer’s death, as the contract will continue until the death of Jennifer’s husband.

Dec 31, 2014	Year-end	--	\$189,500	\$240,000	No bonus	\$240,000	\$10,800	\$10,800	\$195,914
Dec 1, 2015	Withdrawal	- \$10,800	\$179,567	\$240,000	No bonus	\$240,000	\$10,800	\$0	\$184,799

Jennifer’s husband, as owner and annuitant of the contract, can continue to take withdrawals of the LWA for the remainder of his life.

## # 15b – Setting up 2 single life contracts rather than 1 with the Joint Life Payout Option

### Situation

This example is for comparison against 15a. Rather than a Joint Life Payout Option, in this example, Jennifer and her husband choose to set up 2 contracts, each with the Single Life Payout Option.

### The guarantees

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Nov 2, 2010	Initial Deposit	\$120,000	\$120,000	\$120,000	--	\$120,000	\$6,000	\$6,000	\$120,000
Dec 1, 2010	Withdrawal	-\$6,000	\$114,426	\$120,000	--	\$120,000	\$6,000	\$0	\$114,021
Dec 31, 2010	Year-end	--	\$114,732	\$120,000	No bonus	\$120,000	\$6,000	\$6,000	\$114,021
Dec 1, 2011	Withdrawal	-\$6,000	\$109,111	\$120,000	--	\$120,000	\$6,000	\$0	\$108,078
Dec 31, 2011	Year-end	--	\$109,412	\$120,000	No bonus	\$120,000	\$6,000	\$6,000	\$108,078
Dec 1, 2012	Withdrawal	-\$6,000	\$104,111	\$120,000	--	\$120,000	\$6,000	\$0	\$102,183
Dec 31, 2012	Year-end	--	\$104,089	\$120,000	No bonus	\$120,000	\$6,000	\$6,000	\$102,183
Nov 2, 2013	<b>Reset</b>		\$109,000	\$120,000	--	\$120,000	\$6,000	\$6,000	<b>\$109,000</b>
Dec 1, 2013	Withdrawal	-\$6,000	\$103,248	\$120,000	--	\$120,000	\$6,000	\$0	\$103,014
Dec 31, 2013	Year-end	--	\$103,154	\$120,000	No bonus	\$120,000	\$6,000	\$6,000	\$103,014
Dec 1, 2014	Withdrawal	-\$6,000	\$99,421	\$120,000	--	\$120,000	\$6,000	\$0	\$97,151
Dec 15, 2014	<b>Annuitant dies</b>		\$98,988	\$120,000	--	\$120,000	\$6,000	\$0	\$97,151

Because this contract was established with the Single Life Payout Option, there is no option for Jennifer's husband to continue the contract, even if he is named sole beneficiary. The only option is for him to receive the death benefit (the greater of the market value or the death benefit guarantee amount) – in this case the market value of \$98,988. His own contract would continue paying \$6,000 per year and he could choose to add the death benefit payout to his IncomePlus contract which would produce the values below IN HIS CONTRACT (assume the market value hasn't changed from Dec 15 – 20).

Dec 20, 2014	Deposit DB	\$98,988	\$197,976	\$218,998	--	\$218,998	\$10,949	\$4,949	<b>\$196,139</b>
Dec 31, 2014	Year-end	--	\$198,000	\$218,998	No bonus	\$218,998	\$10,949	\$10,949	<b>\$196,139</b>

### Key Points

- In this example, Jennifer's husband can withdraw \$10,949 for the remainder of his life (in the previous example, it was \$10,800, but small differences in market value affect this).
- In both cases, no choice is available on the death – if the Joint Life Payout Option was chosen, the contract will continue and if the Single Life Payout Option was chosen, the contract will end with a payout of the death benefit.
- The example assumes that Jennifer's husband is younger than the latest age to deposit for IncomePlus when Jennifer dies. This allows him to deposit the death benefit proceeds from her contract into his contract.

## # 16a – Income Made Easy – Lifetime Withdrawal Amount SWP (with Adjusted LWA)

### Situation

John, age 66, opens a new GIF Select RRIF contract on Jan 1, 2010 with a deposit into the IncomePlus Series under the Single Life Payout Option. John elects to begin taking LWA withdrawals immediately. Although it's the first year of the RRIF, let's assume his RRIF Minimum amount for 2010 is less than \$12,000. His \$240,000 deposit creates an LWA of \$12,000 which he intends to take through monthly withdrawals each year. John sets up an "LWA SWP".

### The guarantees

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA (Elected)	Remaining LWA	DBG
Jan 1, 2010	Initial Deposit	\$240,000	\$240,000	\$240,000	--	\$240,000	\$12,000	\$12,000	\$240,000
Jan 15, 2010	SWP Withdrawal	-\$1,000	\$236,123	\$240,000	--	\$240,000	\$12,000	\$11,000	\$238,988
SWP runs February through November									
Dec 15, 2010	SWP Withdrawal	-\$1,000	\$229,123	\$240,000	--	\$240,000	\$12,000	\$0	\$226,507
Dec 31, 2010	Year-end (2011 RRIF Min = \$13,000)	--	\$230,123	\$240,000	No bonus	\$240,000	\$12,000	\$12,000	\$226,507
Jan 15, 2011	SWP Withdrawal	\$1,083	\$229,000	\$240,000	--	\$240,000	\$12,000 (Adj \$13,000)	\$11,917	\$214,044

The LWA SWP recalculates to \$1,083 (\$13,000 / 12) for 2011

The LWA and Remaining LWA will be \$12,000 for 2011, but the Adjusted LWA is \$13,000 for the year

### Key points

- With the Income Made Easy option, the SWP payments are automated, and the guaranteed income is maximized at the greater of the LWA amount or the RRIF Minimum Amount
- If John's RRIF Minimum was higher than the \$12,000 LWA (as it is in 2011), monthly payments would increase to the RRIF Minimum amount divided by 12 ( $\$13,000 / 12 = \$1,083$ )
- As long as the withdrawals do not exceed the greater of the LWA and the RRIF Minimum Amount, the LWA will not decrease in future years
- No GWB Bonus is applied since withdrawals were made during the calendar year
- In subsequent years (2012 and beyond), John will not need to request that the withdrawal amounts change – he automatically receives the greater of the RRIF Minimum amount or the LWA in monthly payments.

## # 16b – Income Made Easy – Lifetime Withdrawal Amount SWP with Adhoc Withdrawal

### Situation

Building on example #16a, this example shows the effects that an adhoc withdrawal has on a Lifetime Withdrawal Amount SWP. Before the July 1, 2010 adhoc withdrawal, the market value was \$234,123 and the GWB Benefit Base was \$234,000.

### The guarantees

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Jan 1, 2010	Initial Deposit	\$240,000	\$240,000	\$240,000	--	\$240,000	\$12,000	\$12,000	\$240,000
Jan 15, 2010	SWP Withdrawal	-\$1,000	\$236,123	\$240,000	--	\$240,000	\$12,000	\$11,000	\$238,988
\$1,000 SWP runs February through June									
Jul 1, 2010	Adhoc Withdrawal	-\$5,000	\$229,123	\$240,000		\$240,000	\$12,000	\$1,000	\$228,617
Jul 15, 2010	SWP Withdrawal	-\$166.66	\$228,750	\$240,000	--	\$240,000	\$12,000	\$833	\$228,451
\$166.66 SWP runs August through December									
Dec 31, 2010	Year-end	--	\$227,123	\$240,000	No bonus	\$240,000	\$12,000	\$12,000	\$226,507

Following the \$5,000 withdrawal, the SWP withdrawal amount is recalculated to \$166.66 per month (\$1,000 / 6 months left).

As the withdrawals did not exceed the LWA, the LWA will be recalculated at \$12,000 for 2011.

### Key points

- The SWP withdrawal amount is recalculated immediately following the \$5,000 ad hoc withdrawal. The new SWP amount is calculated as the Remaining LWA divided by the number of payments left in the year ( $\$1000 / 6 = \$166.66$ ).
- Because the SWP withdrawal payment is automatically recalculated, payments are adjusted so that the GWB Benefit Base is not reduced. The Lifetime Withdrawal Amount is recalculated at year-end.
- The Lifetime Withdrawal Amount will be \$12,000 for the next calendar year.

## # 16c – Income Made Easy - Adhoc withdrawal exceeds the LWA (LWA reduced at year-end)

### Situation

Building on examples #16a/b, this example shows what happens to the LWA when a withdrawal exceeds the remaining LWA. Before the adhoc withdrawal on July 1, 2010, the market value was \$228,500 and the GWB Benefit Base was \$240,000.

### The guarantees

The GWB Benefit Base is reduced proportionally by the amount of the withdrawal.

Date	Transaction	Amount	Market Value after transaction	GWB Bonus Base	GWB Bonus	GWB Benefit Base	LWA	Remaining LWA	DBG
Jan 1, 2010	Initial Deposit	\$240,000	\$240,000	\$240,000	--	\$240,000	\$12,000	\$12,000	\$240,000
Jan 15, 2010	SWP Withdrawal	-\$1,000	\$236,123	\$240,000	--	\$240,000	\$12,000	\$11,000	\$238,988
SWP runs February through May									
Jun 15, 2010	SWP Withdrawal	-\$1,000	\$227,123	\$240,000	--	\$240,000	\$12,000	\$6,000	\$229,250
Jul 1, 2010	Withdrawal & GWB Benefit Base reduction	-\$25,000	\$202,123	\$207,242	--	*\$207,242	\$12,000	\$0	\$204,016
SWP does not run for the remainder of the year									
Dec 31, 2010	Year-end	--	\$220,000	\$207,242	No bonus	\$207,242	\$10,362	\$10,362	\$204,016

Following the \$25,000 withdrawal which exceeds the LWA, the SWP amount is zero and the SWP does not run for the remainder of the year.

As the withdrawals exceed the LWA, the LWA will be \$10,632 for 2011.

\* Proportional reduction amount =  $\$240,000 \times (\$31,000 / \$227,123) = \$32,758$

### Key points

- The GWB Benefit Base is reduced proportionally after the July 1, 2010 withdrawal because the LWA has been exceeded. The proportional reduction calculation factors in all withdrawals year to date.
- The LWA is re-calculated on December 31<sup>st</sup> to be 5% of the reduced GWB Benefit Base

### Protect Your Guarantees with Guarantee Guard

To assist in managing the Guaranteed Minimum Withdrawal Benefit (GMWB) provided under the IncomePlus Series, a service called Guarantee Guard is available. Note that under this service, any transaction that may exceed the LWA is not processed until confirmation from the client or advisor (with underlying client consent) is received.

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TMK1260E 01/12

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