

Life Annuities: flexible options for additional protection

With flexible options to protect capital and income, life annuities can be the answer to your concerns in a volatile marketplace.

There is a common misconception that if you buy an annuity and pass away shortly after the income starts, the money is always lost and there will be nothing left for your heirs.

In fact, you have a choice of options to guarantee your capital – Life Cash Refund or Installment Refund – or you can always choose a Guarantee Period.

Take a closer look at the options available:

Life Cash Refund (LCR)

On the annuitant's death, a lump sum payment equal to the premium paid, less annuity payments already made, is paid to the beneficiary.

Available on:

- Single Life
- Prescribed (level taxation) and non-prescribed basis for non-registered funds
- Registered funds

Example

John, aged 65, purchased a \$100,000 annuity with a LCR. He passes away after receiving \$20,000 of annuity payments. The LCR will be \$100,000 less \$20,000, or \$80,000, payable to his beneficiary.

Installment Refund (IR)

On the annuitant's death, the annuity payments continue to be made to the beneficiary until the sum of these payments equals the premium paid.

Available on:

- Single and Joint Life
- Prescribed (level taxation) and non-prescribed basis for non-registered funds
- Registered funds

Example

Mary, aged 63, purchased a \$100,000 registered annuity with an IR and named her spouse as the beneficiary. The IR requires a guarantee period of 18 years to ensure payout of the premium amount. She dies after receiving income for 13 years.

Her spouse can choose to receive either the guaranteed payments for the balance of the 5 years, or the present value of the remaining guaranteed payments as a lump sum.

Or, you can choose a Guarantee Period

A Guarantee Period can be customized to fit your needs. It is based on age, source of funds, and whether the annuity is prescribed or non-prescribed.

Available on:

- Both registered and non-registered funds

Example

Mark, aged 65, purchased a \$100,000 non-registered annuity with a 20-year guarantee period, and indicated the estate as the beneficiary. He dies after receiving income for 10 years.

The estate will receive the present value of the remaining guaranteed annuity payments.

For more information, please contact your advisor.



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The Manufacturers Life Insurance Company July 2015

6526C 07/15