

# Performance Annuity

## PRODUCT DISCLOSURE

### Product features and benefits

With Performance Annuity, you can take advantage of the combination of a fixed and a variable income.

- The fixed portion gives you the security of guaranteed income for life, or for a specified period – it’s your choice
- The variable portion gives you the possibility to grow your income since this portion of the Performance Annuity is based on the performance of selected leading indexes

Together with your advisor, you can build a custom Performance Annuity or choose one of our four pre-determined profiles: Conservative, Moderate, Growth and Aggressive.

### Building a custom Performance Annuity

You can build a custom Performance Annuity in three steps:

- Choose a fixed base income and a variable portion
- Choose from 5 leading market indexes (covering money market, bonds and equities)
- Choose from 4 AIRs: 0%, 3%, 5% or 6%

### Investment options

- Money Market Index – FTSE TMX Canada 91 Day Treasury Bill Index
- Canadian Bond Index – FTSE TMX Canada Universe Bond Index
- Canadian Equity Index – S&P/TSX Composite Index (Total Return)
- U.S. Equity Index – S&P 500 Total Return Index
- Global Equity Index – MSCI World Free Net Index

### What’s an AIR?

The Anticipated Investment Return (AIR) is the return you anticipate on the variable portion of your annuity. It also determines the initial payment for the variable portion of your annuity.

How will your payment be affected? Here’s an example, using an AIR of 3% and annual annuity payments:

If actual investment return is:	Your variable income:
same as the AIR (3%)	remains the same
higher than the AIR (7%)	goes up (by about 4%) <sup>1</sup>
lower than the AIR (2%)	reduces (by about 1%) <sup>2</sup>

<sup>1</sup>  $(1.07/1.03 - 1) \times 100 = 3.88\%$   
<sup>2</sup>  $(1.02/1.03 - 1) \times 100 = -0.97\%$

## A simple solution

If you prefer a simple solution, choose one of our pre-determined profiles. Each profile combines a fixed base income and a variable portion offering the potential for increased income.

### Performance Annuity profiles

Conservative profile		Moderate profile	
Investment mix		Investment mix	
Fixed portion:	70%	Fixed portion:	60%
Variable portion:	30%	Variable portion:	40%
■ Canadian Equity:	15%	■ Canadian Equity:	20%
■ Global Equity:	15%	■ Global Equity:	20%
Growth profile		Aggressive profile	
Investment mix		Investment mix	
Fixed portion:	40%	Fixed portion:	25%
Variable portion:	60%	Variable portion:	75%
■ Canadian Equity:	30%	■ Canadian Equity:	37.5%
■ Global Equity:	30%	■ Global Equity:	37.5%

### Characteristics of our pre-determined profiles

#### Pre-selected investment options

The variable portion of your annuity payment will be based on the performance of the following two investment options:

- Canadian Equity Index:  
S&P/TSX Composite Index (Total Return)
- Global Equity Index:  
MSCI World Free Net Index

And, since there are no Management Expense Ratios deducted, you get the benefit of the full investment return of the indexes.

#### A fixed AIR

For each of the four profiles, the AIR is set at 5%.

## Adapt Performance Annuity to your changing needs

Whether you select a pre-determined profile or build a custom Performance Annuity, you can always adjust the annuity as your income needs and aversion to risk change, simply by:

- Increasing the fixed portion of the annuity
- Modifying the investment mix
- Changing the AIR

## Annuity types

### Single life annuity

- Provides annuity payments for your lifetime
- Guaranteed period available

### Joint life annuity

- Provides annuity payments for your lifetime and that of your spouse
- Income continues in full or at a reduced amount to the surviving spouse
- Guaranteed period available

### Term certain annuity

- Guaranteed income for a specified period (to age 90 for registered annuities)

## Payments

You can choose monthly, quarterly, semi-annual or annual payments – deposited directly to your bank account.

## Snowbird feature

Snowbirds can receive their payments in their bank account in Canada, in Canadian dollars, or in the U.S. in American dollars.

## Taxation

- Registered: Income payments are fully taxable
- Non-registered: Income payments are taxed on a non-prescribed basis

## Security benefits

- The Manufacturers Life Insurance Company is a member of Assuris
- Creditor protection<sup>3</sup> may be available in certain circumstances with a preferred class beneficiary designation
- Opportunities to bypass probate fees<sup>4</sup> and delays upon death, if a beneficiary other than the estate is named

## Death benefit

### Before the annuity commencement date

- Policyholder's fixed portion of the premium plus accumulated interest is paid to the beneficiary
- Policyholder's variable portion of the premium plus positive investment return is paid to the beneficiary; if the return is negative, policyholder's full premium is paid to the beneficiary
- For joint life annuities, in the event of the death of one of the annuitants, the annuity is converted to a single life annuity

### After the annuity commencement date (for Performance Annuity with a guaranteed period only)

- For registered single life annuities, payments continue to the spouse until the end of the guaranteed period, or a lump sum is paid to another beneficiary
- For non-registered single life annuities, payments continue until the end of the guaranteed period to a named beneficiary, or a lump sum is paid to the estate
- For joint life, if both spouses die within the guaranteed period, a lump sum is paid to the beneficiary

## Guaranteed and non-guaranteed product features

Performance Annuity payments are guaranteed to be made as long as the annuitant (and spouse, if applicable) is alive.<sup>5</sup> In addition, if the policyholder selected a guaranteed period, the payments will be made at least until the end of the guaranteed period. However, the variable portion of the annuity payments is not guaranteed and will increase or decrease according to fluctuations in the investment options chosen.

## Premiums and fees information

### Minimum premiums

The minimum single premium required to purchase a Performance Annuity is \$25,000. For a customized Performance Annuity, the minimum per investment option is \$5,000.

### Fees

For the variable portion of your payments, you get the benefit of the full investment return of the indexes since there are no management fees deducted.

<sup>3</sup> Since there are some circumstances where creditor protection may not apply, it is recommended that policyholders consult a legal advisor to find out if they are eligible for this kind of protection.

<sup>4</sup> Not applicable in Quebec as notarial wills do not need to be probated by the court and, for holograph wills and wills made in the presence of witnesses, probate fees are minimal.

<sup>5</sup> In the case of a term certain Performance Annuity, payments are made until the end of the guaranteed period.

## Limitations, reductions and exclusions

Provincial legislation in New Brunswick and Quebec does not allow for the purchase of a Performance Annuity with locked-in source of funds.

We reserve the right to request approval for the purchase of a Performance Annuity from the Pension Plan administrator.

Before settling any claims, we require proof that is satisfactory to us.

## Consumer rights and responsibilities

Under our Total Customer Satisfaction Guarantee, the policyholder has the right to return the policy if unsatisfied with the sales process, at any time within 6 months of the issue date. The policy will then be deemed void. A refund will be made equal to the premium you paid less any payments we already made.

The refund may be subject to a market value adjustment to reflect index value changes and to taxation legislation concerning registered funds.

The refund under the Total Customer Satisfaction Guarantee will not apply if the policy has been issued in lieu of a previous policy or as a result of exercising an option contained in the previous policy.

For complete details on our Total Customer Satisfaction Guarantee, refer to the policy provisions.

## Effective date of coverage

The policy takes effect when we receive the completed Annuity application form and the premium payment.

## The Manufacturers Life Insurance Company

The Manufacturers Life Insurance Company is a member of Assuris. Assuris provides protection to policyholders of member companies. For more information, visit their web site at [www.assuris.ca](http://www.assuris.ca).

If you wish to know more about Performance Annuity, please refer to the policy provisions.

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**For more information, please contact your advisor.**

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