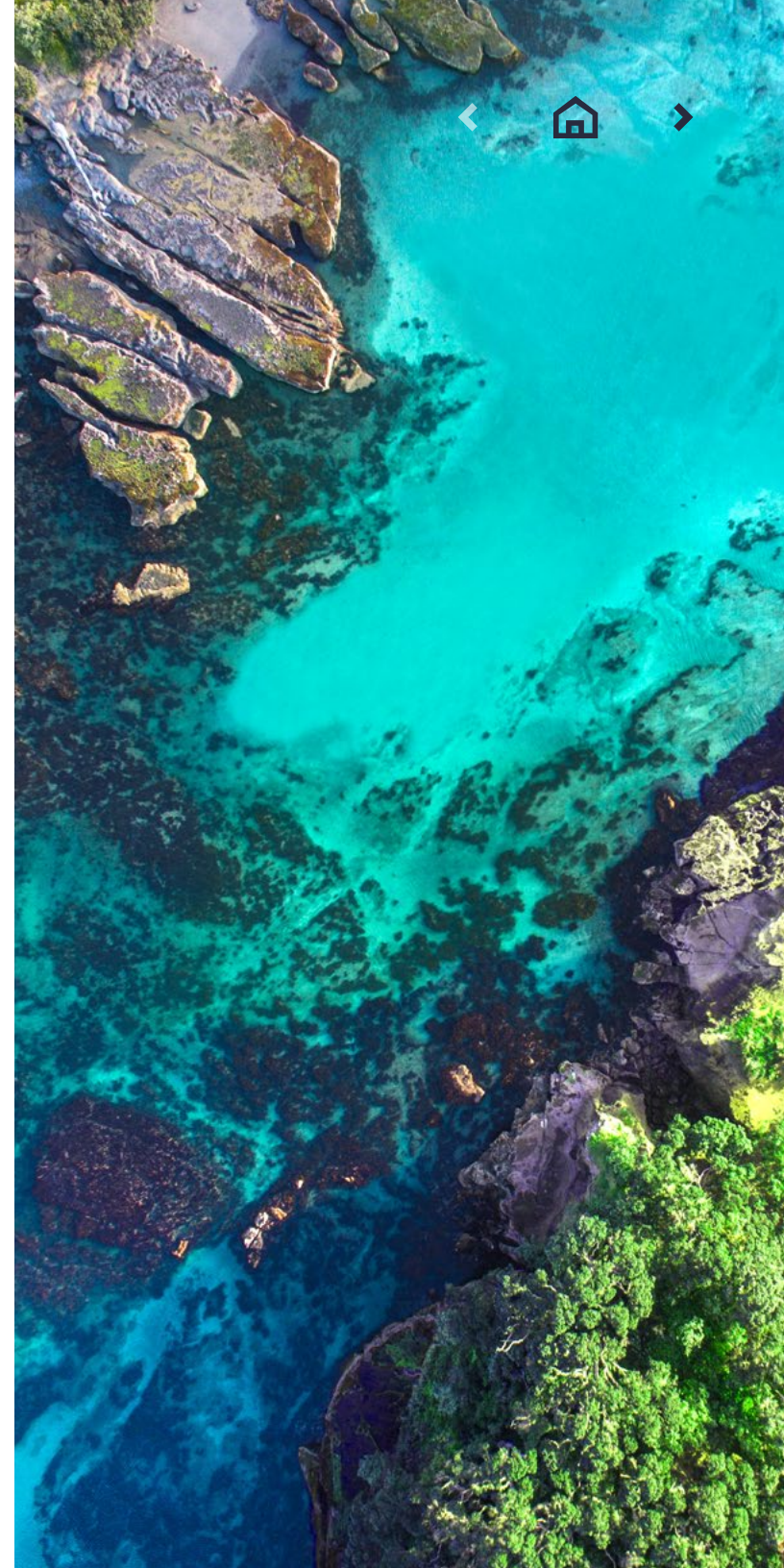




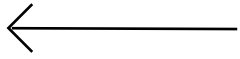
Manulife Par

Advisor Guide

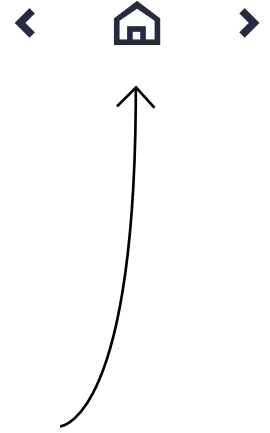
The Manufacturers Life Insurance Company



How to navigate



The side tabs take you to different sections in the document.



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With one of the broadest product shelves in the Canadian Marketplace, Manulife can help you solve the permanent insurance needs for all of our clients.

What is Manulife Par?

Manulife Par is participating whole life insurance designed to offer attractive guaranteed cash values in the early years of your clients policy, without compromising on long-term death benefit growth.

With Manulife Par, your clients can take comfort in seeing immediate growth of their policy's cash value, and feel confident their insurance plan delivers long-term protection, all with potential tax-saving advantages.

Sure, life may have many unknowns, but Manulife Par makes up for that, with guaranteed:

- Premiums
- Amount of insurance that remains in effect for your clients entire life
- Cash value that grows over time
- Rates to buy paid-up insurance and deposit option insurance and the associated cash value rates

In addition to this strong foundation, Manulife Par gives your client the opportunity to **earn an annual dividend**, and the ability to **grow their insurance coverage and cash value amounts** beyond the guarantees.

What does 'participating' mean?

Most life insurance plans allow clients to transfer their risk to the insurance company. Participating insurance is different in that participating policy owners share the risks associated to the participating insurance business line with the insurance company.

More risk is accepted than with a non-participating product, in return for potential rewards. Participating insurance risks typically relate to mortality, lapses, expenses and investment returns.

For each risk component, Manulife uses assumptions to project expected results over time. This helps protect the soundness of the participating account and participating policies into the future. Each year, the actual results obtained on the risk components are compared to expected results. If actual results are better than expected, there are excess earnings created within the participating account, called *participating account surplus*.

This surplus is paid back to participating policy owners over time as a dividend. The surplus changes each year, and dividends are not guaranteed. If actual results are below expected results, the amount of dividend may be reduced or, in extreme circumstances, not paid at all.



Who is Manulife Par for?

Manulife Par may appeal to clients who have maximized their non-registered and registered savings options, and are looking to further diversify their portfolio by adding life insurance as a tax-advantaged asset.

It is a worthwhile consideration for individuals or business owners that have a need for a death benefit and cash value that grow over time, and who want the added comfort of having high guaranteed cash value in the early years of their policy.

Manulife Par, like most traditional participating whole life insurance products, charges higher premiums compared to other types of insurance products to help fund the higher guaranteed cash values and the potential to earn policy dividends. Clients should be comfortable with the idea of sharing all the risks that can affect the performance of their policy with Manulife, and understand that both favourable and unfavourable results will be reflected in the dividend amounts.



Individual ownership clients

Looking to accumulate wealth and defer taxes

Planning to pass funds to the next generation

Wanting to use their policy's cash value as security for a loan

Looking to complement their retirement income

Wanting to optimize their estate planning



Corporate/business ownership clients

Looking to protect their business and have access to cash value

Planning to pass on the value accrued in a private company

Wanting to use their policy's cash value as security for a loan

Planning to pay off a tax liability time of death

Looking for tax advantaged treatment for extra assets

Product overview

Coverage type	<ul style="list-style-type: none"> • Single-life • Joint last-to-die, premiums to last death
Premium duration	<ul style="list-style-type: none"> • Premiums paid for 10 years • Premiums paid for 20 years • Premiums paid to age 90
Issue ages	<ul style="list-style-type: none"> • 0–80 for single-life • 25–80 for joint last-to-die and joint age must be between 16 and 80
Dividend options	<ul style="list-style-type: none"> • Paid-up insurance • Cash
Underwriting classes	<ul style="list-style-type: none"> • Non-smoker • Smoker
Minimum amount of insurance	<ul style="list-style-type: none"> • \$100,000 for pay for 10 years (all issue ages), pay for 20 years (all issue ages), and pay to age 90 (issue ages/joint issue ages 16 to 80) • \$25,000 for pay to age 90 premium duration, issue ages 0-15
Premium bands	<ul style="list-style-type: none"> • \$25,000 to \$49,999 applies to pay to age 90, issue ages 0 to 15 only • \$50,000 to \$99,999 applies to pay to age 90, issue ages 0 to 15 only • \$100,000 – \$249,999 • \$250,000 – \$999,999 • \$1,000,000 +
Premium frequency	<ul style="list-style-type: none"> • Monthly • Annual
Riders	<ul style="list-style-type: none"> • Term-10, Term-20 • Child protection • Guaranteed insurability • Total disability waiver (insured and payor)

Applying for Manulife Par

E-Application

Make your business more efficient and productive. From e-signatures to guaranteed in-good-order submissions and improved decision times, E-Application helps streamline your short or full application for Manulife Par. It's a win-win for you and your client!

Accelerated Underwriting

Skip the nurse meetings, needles and fluid samples! Our accelerated underwriting allows many of your clients to apply for life insurance up to and including \$5 million of coverage without having to meet with a nurse to provide blood, urine and other biometric data¹. An easier, less intrusive experience, and faster decisions help you settle your business even faster.

¹ Exceptions apply. Applicants with certain health concerns or personal medical histories will still require biometric testing.

Dividends

Dividends are allocated to policies once a year, on the policy's anniversary, using a formula designed to give each Manulife Par client his or her fair share of the participating account surplus available, if any.

The formula, called the dividend scale, considers many factors, including the year the policy was issued, the coverage type, and the amount of insurance coverage the policy provides. The dividend scale is not guaranteed and will increase or decrease depending on factors such as investment returns, claims experience, cancellations and expenses related to administering the policies. Once a dividend is paid, it belongs to the policy owner and cannot be taken back by Manulife.

With Manulife Par, your clients can choose between **two dividend options:**



Paid-up insurance



Cash Dividends



For more details about Manulife's Participating Account, see the "About the performance of Manulife Par policies" section on [page 20](#).

Dividends options

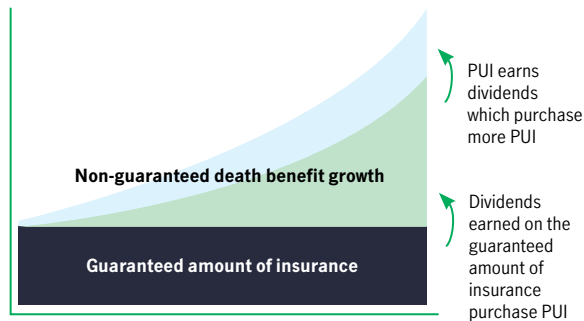


Paid-up insurance

The paid-up insurance (PUI) dividend option is just as it sounds – dividends purchase additional amounts of fully paid-up permanent insurance. This insurance may also earn dividends and has a gradually increasing cash value.

The dividends earned on paid-up insurance combined with the dividends earned on the guaranteed amount of insurance to purchase even more paid-up insurance each year. This may result in attractive increases in coverage and cash value over the lifetime of the plan and may provide some protection against inflation.

The paid-up insurance purchased is permanent, and there are no ongoing premiums required. Changes in the dividend scale will not change the amount of paid-up insurance you have already acquired.



Cash dividends

Another straightforward option – the cash dividend option, pays dividends directly to your client each year. With this option, the policy's death benefit does not increase over time, but your client's guaranteed cash value still grows.

It's important to know that some features such as making deposit option payments, and premium offset are unavailable when the cash dividend option is selected.



We understand that financial strength is at the core of our clients' decision-making process. Our high quality investment portfolio, diverse business and prudent risk management practices are key reasons clients choose Manulife.

Key contractual features of Manulife Par

1

Switch dividend options

Your client can switch dividend options, subject to administrative rules. Switching from cash dividends to paid-up insurance will require underwriting.



2

Decrease guaranteed amount of insurance

Client can decrease their guaranteed amount of insurance at any time. This will release some guaranteed cash value, which will be subject to tax.

3

Change smoking status

If your client has become a non-smoker, they can apply to change the smoking status on their policy. Underwriting will be required, and some cash value may be released. This amount will be subject to tax.

4

Joint last-to-die policy replacement with new single-life policies

Manulife Par Joint last-to-die policies may be replaced with single-life Manulife Par policies in cases of marital or business partnership breakdown, without underwriting. This option is available before the fifth policy anniversary, for clients age 65 and below, and for policies with a standard joint rating. The Manulife Par sample contract provides more details about this option.

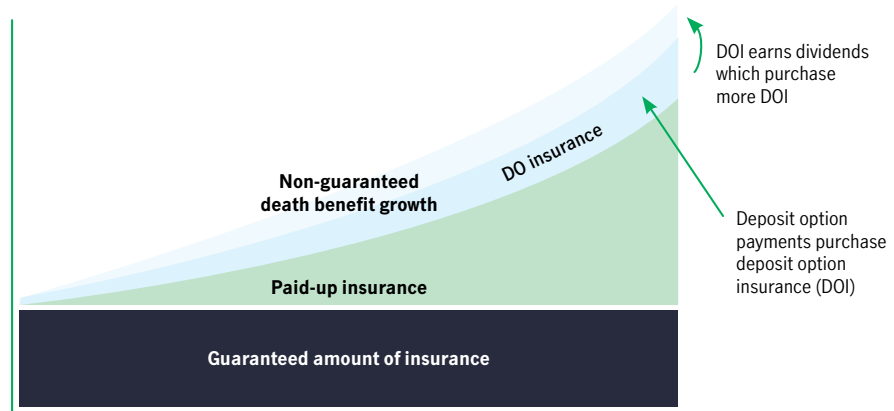
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Deposit option payments

If your client's dividend option is paid-up insurance, they can make deposit option payments to their Manulife Par policy, subject to administrative or product rules and available tax room. These payments are optional, and in addition to their guaranteed premium. Deposit option payments purchase additional insurance called deposit option insurance, increasing the death benefit. Deposit option insurance has its own cash value. A deposit option payment results in an immediate increase in the cash value by an amount that is 7% less than the amount of the payment.

The cash value grows over time at guaranteed rates. Once purchased, no further payments are required to maintain coverage and cash value.

Deposit option insurance may receive dividends. The dividends received are used to purchase more deposit option insurance. If your client changes their dividend option to cash, the dividends received on their deposit option insurance will then be paid directly to them.



For illustration purposes only. Individual results may vary.

Deposit Option

The lifetime deposit option limit – flexibility without compromise

We know your client's needs may change over time, so we've made it easy for them to make deposit option payments, even if it's years after their policy was issued. Manulife Par comes with a default pre-approved lifetime deposit option limit², even for policies resulting from a term conversion.

The lifetime deposit option limit represents the total of all deposit option payments your client can make to their policy without having to provide new underwriting information. The limit does not expire, regardless of how many deposit option payments have been skipped, and even if a deposit option payment has never been made.



[Watch the Manulife Par deposit option video to learn more.](#)

² Manulife reserves the right to limit or refuse deposit option payments.

Q: How do I know the deposit option limit will be there for my client?

A: Since Manulife Par policies have a lifetime limit for deposit option payments, we are able to assess the maximum amount of risk associated to a policy before we issue it. We do all the work upfront to ensure that we are comfortable with the limit we approved for your client (whether it's the default limit or a larger requested lifetime limit). Once a Manulife Par policy is issued, the lifetime deposit option limit becomes part of the policy in our administrative system. On their annual Manulife Par statement, your clients will be able to see:

- their available lifetime deposit option limit balance,
- their cumulative deposit option payments to-date, and;
- their annual limit for the new policy year.

Q: But what if the default limit is not large enough for my client?
No problem!

A: You can request a higher pre-approved lifetime limit at time of issue, without the need for extra medical underwriting. Financial underwriting may apply.

Deposit option payments are available to clients who choose the paid-up insurance dividend option. However, if your client switches from a cash dividend option to paid-up insurance in the future, the default pre-approved lifetime deposit option limit will become available to them at that time.

Once the lifetime deposit option limit is reached, your client will have to provide new underwriting information to obtain a new lifetime limit and continue making deposit option payments.

We can refuse a deposit option payment if it doesn't meet our administrative or product rules. Here are some examples where deposit option payments would be refused:

- annual or lifetime limits have been reached
- dividend option is cash
- policy is on premium offset
- policy has been changed to reduce paid-up
- client is rated more than 250%, or there is a flat extra on the policy, or subject to the underwriter's discretion.

The screenshot shows a Manulife Par illustration. In the 'Rate summary' section, there is a table with columns for 'Primary dividend scale', 'Alternative dividend scale', and 'Current'. A callout box points to the 'FYMDI: \$10,880' and 'LDOL193292' values in the 'Current' column.

The default lifetime limit is included on the front page of the Manulife Par illustration, at the bottom left corner.³

³Subject to available capacity for large cases.

The annual deposit option limit – as easy as 1, 2, 3

How much can your client put into their deposit option each year? Easy!

Every year, the maximum deposit option payment will be the least of the following three amounts:

- 1 Their previous year's deposit option payment + \$100,000
- 2 The available tax-exempt room for the current policy year
- 3 Their remaining lifetime deposit option limit

Deposit option available on term conversions without underwriting!

If you are converting your client's term insurance to Manulife Par with paid-up insurance dividend option, they will get a pre-approved default lifetime deposit option limit.⁴ This means that they can start making deposit option payments into their policy immediately, without underwriting.


Deposit option is truly “optional”

With Manulife Par's “no-expiry” lifetime deposit option limit, your client can make deposit option payments at their convenience, or not at all. This unique feature means your clients don't have to worry about keeping track of skipped payments and the need for additional underwriting.

Tax exempt room – the ultimate gate keeper

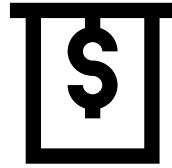
Deposit option payments are dependent on the tax room available in the policy, which changes based on funding patterns, timing of payments and dividend scales, and may differ from your client's original product illustration. Your client's annual Manulife Par statement will show the annual deposit option limit available at the start of each new policy year. If your client has chosen a cash dividend option, the deposit option limit on the statement will be \$0 to show that deposit option payments are unavailable with this dividend option.



[Learn how Term Insurance Riders \(TIR\) can affect tax limits and deposit option room.](#) 

⁴ Subject to available capacity for large cases. Not available for ratings above 250%, with a flat extra rating or cash dividend option.

Accessing cash



Withdrawals

Policy withdrawals are available on Manulife Par, subject to our administrative rules. Withdrawals will reduce the policy's total cash value and death benefit.

If your client chooses the cash dividend, the guaranteed cash value may be the only available cash value for withdrawal. Withdrawing the guaranteed cash value will result in a reduction of the guaranteed amount of insurance.



Policy Loans

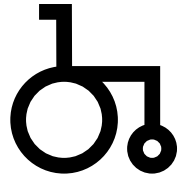
Your client may borrow cash from their Manulife Par policy through:

Cash loans – Your client may borrow up to 90% of the total cash value of their policy. Cash loans are unavailable if the policy is on premium offset.

Policy continuation loans – If your client misses a premium, it will automatically be paid from the policy's cash value when there is enough cash value in the policy to support the loan. The amount of the loan will be equal to the premium due.

Loans are charged interest, based on a rate Manulife determines at the time a loan is requested. At the end of each policy year, any unpaid interest is added to the loan.

Manulife Par policies only have one loan balance that includes all cash loans and policy continuation loans. If the loan balance exceeds the policy's total cash value, all or a portion of the loan must be repaid, otherwise the policy will end.




Disability Benefit

We hope your client never requires it, but if they ever find themselves disabled and in need of financial assistance, they can find comfort in knowing that their Manulife Par policy comes with a built-in Disability Benefit provision. This benefit allows your client to access their policy's cash value tax-free, as per the current Canadian Federal Income Tax laws and regulations (January 2017).

The Disability Benefit has a 30-day elimination period, and only one payment may be received per 12-month period. Because the Disability Benefit is paid from the policy's cash value, the death benefit will also be reduced every time your client receives a payment.



[Watch the disability benefit video to learn more.](#) 

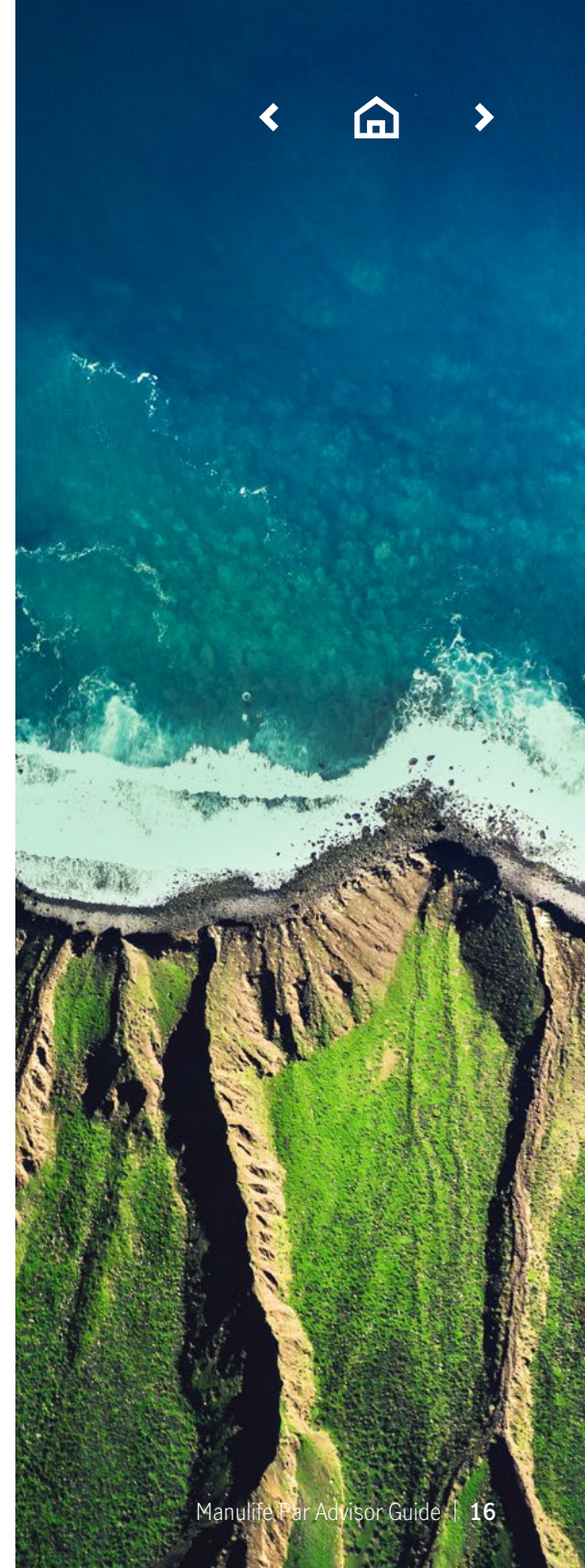
Your client can qualify for the Disability Benefit in one of two ways:

Total disability from 18 to 65 years of age

- Unable to perform their regular occupation, or;
- Unable to perform their regular activities if they aren't employed.

Catastrophic disability from 18 years of age

- Unable to perform one of the activities of daily living, or
- Total and permanent loss of sight, hearing, speech, or the use of hands and/or feet
- Cognitive loss, or
- Terminal illness



Non-contractual features of Manulife Par

Manulife Par is a streamlined and targeted product designed with hassle-free features for you and your clients.



Premium offset

Why pay premiums out-of-pocket if your client doesn't need to? Premium offset is a non-contractual feature that lets your client use their paid-up insurance and deposit option insurance cash value to pay for their Manulife Par premiums. Depending on funding patterns, premium offset may not be available for Manulife Par policies with a 10-year premium duration. And for clients who have selected cash dividends, premium offset is not available.

When a policy is on premium offset, the amount of paid-up insurance and/or deposit option insurance of the policy is decreased to release the cash value required to pay the premium. Once a year on the policy anniversary, the policy's total cash value will be reduced by the premium amount owed. Premium offset may only be allowed once enough paid-up insurance and deposit option insurance cash value have accumulated in the policy. A written request must be submitted for a policy to be put on premium offset.

Premium offset is not guaranteed and the value of the policy could be affected if policy changes, withdrawals or dividend scale changes are made. Depending on the changes made, your client may be required to resume out-of-pocket payments and take their policy off of premium offset. Deposit option payments are not allowed while a policy is on premium offset.

Since the premium offset start date may change from the original illustration, it's important to request new illustrations and review the policy value with your client from time-to-time.

Compassionate assistance

If your client is faced with unforeseen financial strain due to a terminal illness diagnosis, we believe in doing our part to help them maintain their policy and its valuable protection. Manulife Par's compassionate assistance program is a complimentary benefit that allows your client to request early payment of a portion of the death benefit.

The tax-free payment to your client is in the form of a collateral loan made by Manulife.

The only cost to him or her is loan interest and any doctor's fees for completing the application form.

Once a compassionate assistance loan is made, future withdrawals cannot be made. Your client's policy will remain in effect, with the amount of the compassionate assistance loan plus interest deducted from the death benefit.

Changing to a longer premium duration

Subject to our administrative rules, your client may have the option to change their policy's premium duration to a longer period, as follows:

- pay for 10 years insurance to pay for 20 years insurance,
- pay for 10 years insurance to pay to age 90 insurance, or
- pay for 20 years insurance to pay to age 90 insurance.

Other noteworthy features of Manulife Par

Juvenile policies issued as non-smoker

Manulife Par policies for juvenile clients (ages 0-15) are issued with a non-smoker classification. No need to do any paperwork when your client turns 16!

No policy fees

Manulife Par policies do not have a policy fee.

Paid-up and deposit option insurance are not rated

Even if your client has a substandard rating, their paid-up insurance and deposit option insurance are not affected. The cost for paid-up and deposit option insurance will be the same as for clients who have a standard rating.

Riders available on Manulife Par



Term Insurance rider (TIR)

The Term Insurance Rider provides additional temporary insurance coverage to clients insured on the base Manulife Par coverage. Your clients can convert this protection up to age 75 (without evidence of insurability) to any other permanent plan then offered by Manulife. Term riders are available either on a 10-year⁵ or 20-year renewable basis and on a single or combined life basis.

Total Disability Waiver (TDW) rider

The Total Disability Waiver rider waives the premium for a Manulife Par policy if the insurance person becomes totally disabled for six months or longer. This optional protection is available to anyone insured under a Manulife Par policy or to the payer of the policy. If total disability occurs before age 60 and continues for at least six months, the Manulife Par premiums will be waived for as long as the disability continues. If total disability occurs after age 60, premiums are waived until age 65.

Guaranteed Insurability Option (GIO) rider

The Guaranteed Insurability Option rider gives clients the option to purchase additional insurance coverage for the person insured without providing additional underwriting. Clients can exercise this option up to eight times, at specific option dates outlined in their Manulife Par contract, or at the time of specific life events, including marriage and birth or adoption of a child.

Child Protection (CPR) Rider

The Child Protection Rider provides \$10,000 of insurance coverage for the child of any insured person covered by the policy. And, once the child turns 25, they have the ability to purchase up to \$250,000 of new insurance coverage, part of which may include up to \$100,000 of critical illness insurance, without additional underwriting. To qualify for the critical illness insurance coverage, we require the insured person to answer one question to confirm he or she does not already qualify for, or have started the waiting period for, any benefit under the new critical illness insurance policy.

⁵ 10-year renewable riders have a yearly renewable.

About the performance of Manulife Par policies

Like all traditional participating whole life policies, the growth potential for Manulife Par policies comes from dividends. When the dividend option is paid-up insurance and no deposit option payments are made, your client's death benefit only grows if the policy receives dividends.

All premium and deposit options paid into all Manulife Par policies are deposited into the **Manulife Participating Account***, managed exclusively for participating policy owners. Dividends are paid to participating policy owners if there are excess earnings in the account. Dividends, however, are not guaranteed.

Excess earnings of Manulife's Participating Account are called *participating account surplus*. Several factors can contribute to surplus, such as investment returns, claims experience, lapses, and expenses. However, investment return generally accounts for the largest portion of the surplus, and is also the most variable of all the factors. To help reduce volatility of the dividend scale and, in turn, dividends, the investment returns of the participating accounts are **smoothed***.

The Manulife Par illustration allows you to help project the performance of Manulife Par policies under various dividend scale scenarios, by letting you change the investment return component of the dividend scale, known as the dividend scale interest rate (DIR). Since the investment return is the most influential factor in a policy's long-term performance, it is important to consider how it affects future death benefit and cash values. You should help set proper expectations with your clients by showing policy value projections that use a conservative dividend scale interest rate.



About Manulife's Participating Account

Manulife's Participating Account is a diversified portfolio of assets managed by Manulife's investment professionals. Backed by Manulife's investment strength and prudent risk management practices, the smoothed returns of the fund can help reduce the volatility of your client's policy values. Manulife's Participating Account target asset mix includes equities, real estate, commercial mortgages and bonds. We carefully select assets to help meet the long-term needs of policy owners.

What is smoothing?

Smoothing means that investment gains and losses are spread over a longer period instead of being recognized immediately. This can lessen volatility and helps deliver more stable returns for both fixed and non-fixed income assets.

What it is

Who it's for

How it works

Manulife Par performance

An aerial photograph of a small, colorful boat (red, blue, and white) on the ocean. The boat is moving towards the right, leaving a white wake. The water transitions from a deep blue to a lighter turquoise near the shore. A sandy beach is visible at the bottom of the frame, with gentle waves washing onto the shore.

For over **130 years**,
we've grown with
Canadians, offering a range
of permanent insurance
solutions to meet their
short and long-term needs.

For more information visit

[Manulifeinsurance.ca/ManulifePar](https://www.manulifeinsurance.ca/ManulifePar)

or speak to your Manulife Sales Representative.

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