

Single Life Annuities



LOOKING FOR FINANCIAL SECURITY IN RETIREMENT

Isabel is a 64 year-old widow looking forward to the recreational time her upcoming retirement will bring, including spending time with her young granddaughter. Isabel plans to retire when she's 65, but she has already begun to worry about covering her monthly essential expenses when she is no longer working. Isabel sets up an appointment with her advisor, Brian, to discuss her concerns.

Brian re-evaluates Isabel's portfolio and sees that she will be able to draw income from a small pension and that she will qualify for the Canada Pension Plan (CPP) and Old Age Security (OAS). He also sees that she has non-registered savings in a Guaranteed Interest Contract (GIC). Brian and Isabel create a monthly worksheet to see how much income she will need to cover expenses during retirement.

Monthly essential expenses (\$)	
Housing – property taxes	260
Utilities	250
Groceries	400
Transportation	260
Health insurance	310
Clothing, entertainment and gifts	375
Total	\$1,855

Monthly sources of income (\$)	
CPP/OAS	1,140
Pension	400
Total	1,540
Expense gap	\$315

For illustration purposes only.

THE SOLUTION

During their meeting, Brian reminds Isabel of an idea he once expressed to her about a year and a half ago. He explains that upon retirement, she could use a portion of the savings in her GIC to purchase a Single Life Annuity, which, when combined with her pension income and government benefits, could be used to cover her monthly essential expenses.

Single Life Annuities are ideal for investors who:

- Are concerned about outliving their savings
- Need a rate of income that can ensure essential expenses are covered
- Want to reduce ongoing investment decisions
- Require a simple, secure source of income for life, without a need to access the capital
- Wish to minimize tax on investment income

Based on this worksheet, Isabel will have an expense gap of \$315 a month, excluding any taxes she may owe. However, Brian assures Isabel that if she uses \$100,000 from her GIC to purchase the Single Life Annuity, it would generate a gross monthly guaranteed income of \$477 for the rest of her life to cover this gap.*

PRINCIPAL PROTECTION

Brian also explains to Isabel that her annuity includes the principal protection guarantee option (also known as a cash refund guarantee). This option ensures that in the event of her death, a beneficiary, such as her

granddaughter, would receive a payment equal to the difference between the total payments received by Isabelle during her lifetime and the original investment.

LOOKING AFTER THE BALANCE OF THE PORTFOLIO

Next, Brian asks Isabel what her plans are for the rest of her savings. Isabel confesses that because she was so worried about covering her monthly expenses in retirement, she never anticipated having extra savings.

Brian suggests to Isabel that she could invest this money to help fund lifestyle expenses. The remaining savings could also help Isabel:

- Cope with the rising cost of inflation
- Pay for any emergencies, and
- Increase the value of her estate for beneficiaries

With her essential expenses covered and her remaining money saved in accessible investments, Isabel is excited by the prospect of entering a comfortable retirement. A Single Life Annuity is the foundation for her sound financial plan in retirement and will help give Isabel the security she is looking for.

The annuity options available from Manulife Investments – backed by one of the most financially secure insurance companies in Canada – offer investors predictable and sustainable income and the freedom to focus on other aspects of retirement.

*Non-registered Single Life Annuity at June 5, 2014 for a 64-year-old female; cash refund guarantee; deferred income of one year.

FOR MORE INFORMATION, PLEASE CONTACT YOUR ADVISOR OR VISIT MANULIFE.CA/INVESTMENTS



 **Manulife Investments**
| For your future™

The Manufacturers Life Insurance Company is the issuer of all Manulife Annuities, Manulife, Manulife Investments, the Manulife Investments For Your Future logo, the Block Design, the Four Cubes Design and Strong Reliable Trustworthy Forward-thinking are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.