



Term Life Insurance

Business Value Protector Rider

The Manufacturers Life Insurance Company

Plan for the future growth of your business with the Business Value Protector rider.

You face many challenges in the management of your business – from the day-to-day concerns to achieving its longterm goals. Whatever the type of business – sole proprietorship, partnership or incorporated company – these challenges can impact your success.

These challenges may include concerns such as ensuring that your business continues if you die, minimizing business disruption should a key employee die or providing enough funds for your beneficiaries to cover the potential capital gains tax liability built up by your business. Life insurance is one of the most effective solutions for protecting the future success of your business because it guarantees that money will be available when you need it most.

Anticipate that your success may create a growing problem

As your business grows and matures, so does its value. If you die, your business and your beneficiaries may not have enough funds on hand to pay the costs associated with your business success. Paying capital gains taxes or business debt and funding buy-sell agreements are business planning priorities that increase in size as your business grows. You also want to assure customers and creditors that you have sufficient working capital to provide for the continuation of your company in the event of a death. But how can you predict how much will you need in the future, or if you will be eligible for additional insurance when the need arises? Don't let an untimely death – yours or a key employee's – leave you in this unfortunate position. To make sure this doesn't happen to you, you have several options:

Option 1

Purchase additional insurance coverage today in anticipation of your business's future needs... **but how much should you purchase?** It is difficult to predict today how much your business will grow and how fast.

Option 2

Purchase additional insurance coverage when the value of your business increases... **but what if you lose your health as a result of an accident or sickness?** The cost of this insurance in the future could be much higher than today. Or you may not be insurable at all if your health has declined over that period of time.

Option 3

Purchase the Business Value Protector rider. The Business Value Protector is a unique feature that can be added to Manulife's Business Term®, Family Term™, Family Term with *Vitality*®, InnoVision™ and Performax Gold™ products. It assures business owners that they can purchase the additional coverage they need as the business increases in value.

It's about lower cost insurance today

Right from the start, the Business Value Protector means important savings for business owners like you. It makes business insurance more affordable because you need only purchase the amount of coverage you require today based on the current value of your business, instead of the best estimate of what the value may be tomorrow.

It's about peace of mind for tomorrow

The Business Value Protector guarantees that you can increase your coverage as your business prospers and grows. More importantly, coverage can be increased without further evidence of good health or expensive business valuations that are normally required.



Benefits of the Business Value Protector (BVP) rider

- The amount of insurance that can be purchased is directly linked to the increase in the value of the business and you have the flexibility to increase coverage as needed. As your share in the interest of the business increases, so can your insurance coverage... it's about peace of mind.
- No extensive business valuations are required to purchase the BVP. At the time the BVP option is exercised, Manulife only requires your most recent company financial statements to determine the fair market value of the business.*
- Increased protection – up to three times the BVP amount.
- The option to purchase additional coverage can be exercised for a period of 10 years.
- The BVP guarantees additional insurance without providing further medical evidence.
- The BVP can be used to increase an individual's insurance if his/her share of the fair market value in the business increases, even if the fair market value of the business has not increased.



The BVP in action – a case study

The situation

Today Paul and Bob are equal partners in ABC Company. With the success of their business and the prospect for future growth, they are now at a stage where they feel a buy-sell agreement is required. This means that if one of them dies, the survivor will have the funds to purchase the deceased's shares. Based on their company's financial statements, ABC Company is worth \$400,000 today and it's projected to be worth over \$1 million within 10 years.

The problem

How to fund the buy-sell agreement? Paul and Bob need an insurance solution that meets their needs today, but is flexible enough to grow as the value of their business grows.

Shareholder	Ownership %	Fair Market Value (FMV) today (\$)	Projected FMV in 10 years (\$)
Paul	50	200,000	500,000
Bob	50	200,000	500,000

The solution

Insuring each partner is the most cost-effective way to fund the buy-sell agreement. If one partner dies, the surviving partner would receive the life insurance proceeds and use them to purchase the deceased's shares.

Manulife's Business Term, InnoVision or Performax Gold insurance with the Business Value Protector (BVP) provides each partner with the protection they need today and the flexibility to purchase additional insurance in the future if the need arises.

Shareholder	Basic coverage amount (\$) (Covers today's needs)	Business Value Protector (\$) (Flexibility to purchase more in the future) ¹	Total coverage (\$) (Based on projected FMV in 10 years) ²
Paul	200,000	100,000	500,000
Bob	200,000	100,000	500,000

* Manulife reserves the right to request audited financial statements.

¹ Each partner has exercised \$300,000 – the full amount of additional allowed coverage. (three times the original amount).

² Coverage can be increased up to three times the original BVP amount at any time within 10 years of original purchase, based on the increased value of the business.

Example is for illustration purposes only.



For more information visit **Manulife.ca**
or speak to your financial advisor.

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To speak with a Manulife representative, contact 1-888-626-8543

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