

Advisor update**Manulife Private Investment Pools—MPIP Segregated Pools
Professional service fee**

Meet the needs of affluent, fee-sensitive investors: Use Manulife's negotiated professional service fee sales charge option

Is the current sales environment prompting you to consider different approaches to selling segregated fund products?

The fee-for-service model offers flexibility that's becoming more appealing for a growing number of advisors and clients.

Manulife provides you with more choice via the professional service fee (PSF) sales charge option, available in Manulife Private Investment Pools—MPIP Segregated Pools.

What is the professional service fee sales charge option?

It's an option designed to give eligible investors access to unbundled fees. PSF option funds do not pay sales commissions. Instead, clients pay a service fee (PSF fee) that you negotiate with them. The annual service fee can range from 0% to 1.25% of the market value of the PSF option funds plus applicable tax (defaulted to 0% if no service fee is specified).

The negotiated PSF fee will be applied to each PSF option fund held within the contract.

The PSF is designed to be simple for you to add to your practice.

Manulife handles collection from participating clients on your behalf. You and your client determine the fees, we collect them.

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How does it work?

- Canada Revenue Agency (CRA) does not consider fees paid to investment counsel for advice about purchasing or selling segregated funds eligible for income tax deductions
- The PSF annual fee of 0–1.25% plus applicable taxes is accrued daily. Note that the annual rate cannot exceed 1.25%, and remember that you can determine the monthly fee by dividing by 12.
- Manulife collects the PSF fee and applicable taxes by redeeming units from PSF option funds on a monthly basis from each client's contract.
- The redemption of units to pay the PSF fee does not proportionally reduce maturity and death benefit guarantees.
- If a participating client holds insufficient units of PSF option funds to cover the PSF fee, it is your responsibility to seek payment for the difference.
- PSF fee transactions will automatically be collected any time a full money-out transaction is processed.
- You will receive your compensation through the usual process. You'll receive the negotiated fee plus applicable tax, and it will be your or your distributor's responsibility to remit the tax to the government.
- Any change to the PSF fee will be applied to all funds held in the PSF sales charge option within the contract.

This is a pilot project, available only via eligible FundSERV-enabled distributors who are participating in Manulife's PSF sales charge option. The distributor is required to sign a PSF agreement with Manulife Investment Management.

Professional service fee—Advantages for you and your clients

The professional service fee in action: a mini-case study

For your wealthy, fee-sensitive clients, this option lets you offer sharper pricing on large deposits. For example, while the standard commission trailer for a balanced or equity fund is typically 1%, you might use the negotiated PSF sales charge option to instead charge 0.75%, passing the difference of 0.25% through to your clients as fee savings. Again, you (and your clients) have greater control.

How can I get started?

- Make sure your distributor is participating.¹
- Determine the fee together with your client.
- Complete and submit the **professional service fee (PSF) administration form NN1681E** and specify the agreed upon service fee.
- Remember that you will need to provide clients with updated point of sale documents, including Information Folder and Contract, Fund Facts, and any associated addenda.

For more information, please contact your Manulife Investment Management sales team or visit manulifeim.ca.

¹ Manulife is acting solely as an agent of the distributor, not as principal, for the administration and collection of the PSF fee, including the collection of any applicable taxes. It is the distributors' responsibility to report and remit all GST, HST, and/or QST, as applicable, payable under the PSF sales charge option to the relevant Canadian taxation authorities in a timely manner.

For advisory use only.

Any amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value. The Manufacturers Life Insurance Company is the issuer of the Manulife Private Investment Pools—MPIP Segregated Pools (MPIP Segregated Pools) insurance contract and the guarantor of any guarantee provisions therein. Manulife Investment Management is a trade name of The Manufacturers Life Insurance Company. The Manufacturers Life Insurance Company (Manulife) is the issuer of insurance contracts containing Manulife segregated funds and the guarantor of any guarantee provisions therein. Manulife, Manulife Investment Management, the Stylized M Design, and Manulife Investment Management & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

To speak with Manulife Investment Management about segregated funds, call 1-888-790-4387.



Unbundled fees

The cost of advice is separately disclosed. This option may be appropriate for clients who want to see PSF fees as a separate charge in their statements.



Flexibility

You negotiate fees together with your clients, giving both parties an opportunity to provide input.



Support

Manulife supports your efforts by handling administrative tasks on your behalf such as calculating and collecting the PSF fee¹. Clients will see the PSF fee separately reflected in their statements.