

Manulife Investments GIC product guide



This guide describes important information about the Manulife Investments GIC product features and benefits. Topics discussed include the following:

TABLE OF CONTENTS

What is a Manulife Investments GIC? 4

Features and benefits 5

General contract overview 6

Account options overview 8

Interest options 9

Scheduled payments 10

Charge-free cash withdrawal feature 12

Asset transfer feature 12

Interest rate information 13

Rate guarantee programs 13

Large case program 14

Commissions 15

Surrender charges 15

Interest calculations 17

RRIF/LIF/LRIF/PRIF/RLIF maximum and minimum information 19

How is a PRIF different from a traditional RRIF? 21

Client communications 22

Questions 23

What is a Manulife Investments GIC?

A Manulife Investments Guaranteed Interest Contract (GIC) is a deferred annuity insurance contract offered through Manulife Financial. This GIC offers clients unique tax and estate planning benefits as well as potential creditor protection. In addition, the Manulife Investments GIC allows clients to purchase up to six different GIC Account types, all within one contract and all combined on one client statement per registration type.

THE MANULIFE INVESTMENTS GIC OFFERS THE FOLLOWING REGISTRATION TYPES:

- Non-registered
- Registered Retirement Savings Plan (RRSP including Spousal RRSP), Locked-in Retirement Account (LIRA), and a Restricted Locked-in Savings Plan (RLSP)
- Tax Free Savings Account (TFSA)
- Registered Retirement Income Fund (RRIF), Life Income Fund (LIF), Locked-in Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), Restricted Life Income Fund (RLIF) or other similar retirement income contracts

THE GIC ACCOUNT INVESTMENT OPTIONS INCLUDE:

- Daily Interest Account
- Basic Account (cashable)
- Basic Non-cashable Account
- Laddered Account
- Escalating Rate Account
- Market Growth Account (available during limited time periods)

NOTE: not all investment Accounts are available in all registration types (see chart below)

Registration Type Availability Summary:

Account type	Non-registered	Registered (RRSP, LIRA, RLSP)	Retirement income (RRIF/LIF/LRIF/PRIF/RLIF)	Tax Free Savings Account (TFSA)
Daily interest	✓	✓	✓	✓
Basic (cashable)	✓	✓	✓	✓
Basic non-cashable	✓	✓	N/A	N/A
Laddered	✓	✓	✓	✓
Escalating rate	N/A	✓	N/A	✓
Market growth	N/A	✓	N/A	N/A

Features and benefits

MANULIFE INVESTMENTS GIC FEATURES

Greater Choice and Flexibility

Choose from six GIC investment options within one contract with terms from six months to 10 years (three investment options and terms up to 30 years for retirement income products).

Highly Competitive Commissions

GIC Accounts that pay from 0.2% to 0.5% per year commissions, depending on Account type.

Advisor Rate Discretion

If desired, increase posted term rates with a corresponding reduction in commissions without prior head office approval (not available for the Daily Interest Account, Market Growth Account or for terms greater than 10 years).

Half Year Rate Bonuses

Pick a term six months beyond a standard length term and receive the next standard term's interest rate (e.g. a 2.5-year term receives the 3-year interest rate). Available on the Basic Account (cashable) only.

30-day Rate Guarantees for New Investments

Guard against falling interest rates by locking in a rate up to 30-days before a new or supplementary deposit.

30-day "better-of" Rate Guarantees on Renewals

Allows your client to lock in the interest rate up to 30 days prior to the renewal date of the investment. If the rate in effect on the day the investment renews is greater than the rate guaranteed, the client will receive the higher rate.

Cashability

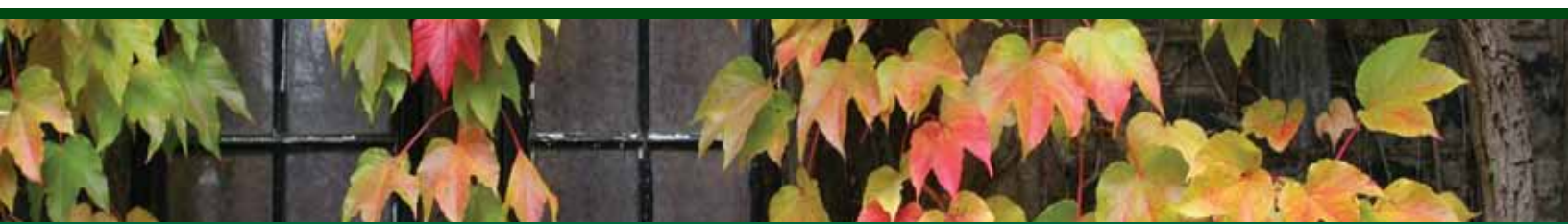
Early cashing privileges allow your clients access to their money in Basic Account (cashable), Laddered Account and Escalating Rate Account in the event of an emergency or for other investment opportunities, subject to possible surrender charges (for details refer to section on Surrender Charges).

INSURANCE COMPANY BENEFITS

Manulife Investments GICs are insurance contracts. This means they offer certain benefits that may not be available through mutual fund organizations, banks or trust companies:

ESTATE PLANNING ADVANTAGES:

- Ability to designate beneficiaries allows GIC proceeds to bypass probate, legal and other estate fees on death (for registered, TFSA and non-registered plans)
- On death, GIC proceeds (including interest) can pass quickly, privately and directly to any named beneficiaries without charges
- Ability to appoint a successor annuitant for non-registered contracts. In the event of the primary annuitant's death, the successor annuitant will automatically become the primary annuitant and the contract will continue with all terms and interest rates intact



CREDITOR PROTECTION POTENTIAL:

- Clients may receive creditor protection benefits available under provincial insurance laws

TAX ADVANTAGES FOR NON-REGISTERED CONTRACTS:

- Manulife Investments GIC interest qualifies for the annual Pension Income Tax Credit for clients 65 years of age or older
- Policy year tax reporting delays tax on interest earned for up to one year
- Accrued interest from a Manulife Investments GIC is an eligible source of pension income for purposes of income splitting for clients age 65 or older

MEMBER OF ASSURIS:

Assuris is a not for profit corporation, funded by the life insurance industry, that protects Canadian policyholders against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris' protection are available at assuris.ca or in their brochure, which can be obtained from your financial advisor, life insurance company or Assuris from info@assuris.ca or by calling 1 800 268 8099.

General contract overview

CONTRACT MINIMUM

- \$2,500 per contract (\$5,000 for the Escalating Rate, Market Growth*, and 5-year Laddered Account; \$10,000 for the 10-year Laddered Account)

SUPPLEMENTARY PURCHASE MINIMUM

- \$1,000 for Basic Account (cashable) and Basic Non-cashable Account
- \$5,000 for Escalating Rate Account, 5-year Laddered Account and Market Growth Account
- \$10,000 for 10-year Laddered Account
- No minimum requirement for the Daily Interest Account

PRE-AUTHORIZED CHEQUING (PAC) MINIMUM

- Can only be established after \$2,500 contract minimum is satisfied
- \$100 minimum to establish automatic PAC deposits
- PAC deposits will be deposited to the Daily Interest Account
- Once the Daily Interest Account balance reaches the minimum required to purchase an account you can request, at that time, that the funds be invested into applicable investment account options
- Not available for LIRA, RLSP or RRIF/LIF/LRIF/PRIF/RLIF

REINVESTMENT DEFAULTS

Unless otherwise instructed, each term maturing within a Manulife Investments GIC, including RRIF/LIF/LRIF/PRIF/RLIF contracts, will automatically reinvest into the following Accounts (Note: Account minimums must be satisfied):

- Basic Account (cashable), Basic Non-cashable Account and Escalating Rate Account terms, will automatically be reinvested for the same Account type, interest option and term length originally selected
- Laddered Account terms will be automatically reinvested for a five or 10-year Basic Account, depending on the original Laddered Account option selected. Original interest option will also remain the same
- The Market Growth Account maturity amounts will be deposited to the Daily Interest Account

Prior to the reinvestment date, the client can change the default reinvestment instructions on their maturing investments, including reinvesting for a different term length, Account type, or withdrawing part or all of the maturing amount.

NOTE: The reinvestment options available and the reinvesting term length may be restricted by the contract maturity date.

UNSCHEDULED WITHDRAWALS

Withdrawals from the Basic Account (cashable), Laddered Account and Escalating Rate Account are available at any time, but will be subject to possible surrender charges (refer to the section on Surrender Charges or the Charge Free Withdrawal Feature for details). Funds withdrawn on the maturity date of the Account are charge free. Withdrawals are available from the Daily Interest Account (DIA) at anytime without charge.

Funds from the Basic Non-cashable Account and Market Growth Account can only be withdrawn on the maturity date of the Account.

A withdrawal cannot cause the total Account value to fall below the Account minimum. Balances of less than the Account minimum, will be transferred to the Daily Interest Account.

Withdrawals of locked-in funds are subject to applicable pension legislation.

WITHDRAWAL MINIMUMS

\$100 minimum withdrawal or entire Daily Interest Account amount (whichever is less).

MAXIMUM ISSUE AGE

- Non-Registered & TFSA – Up to age 100 of annuitant (Individual terms cannot extend past age 100)
- RRSP/LIRA/RLSP – Up to December 31st of year the annuitant turns 71
- RRIF/LIF*/LRIF/PRIF/RLIF generally have no maximum issue ages

RRSP/LIRA/RLSP CONTRACT MATURITY DEFAULT

Unless the client provides alternate instructions, the funds accumulated in a Manulife Investments GIC RRSP, LIRA or RLSP contract will be amended to become a Manulife Investments GIC RRIF/LIF/PRIF/RLIF on the contract maturity date, subject to applicable pension legislation. For information on investments in a registered contract that mature past the end of the year the client turns age 71, see the section on the Asset Transfer Feature.

NON-REGISTERED CONTRACT MATURITY

A non-registered Manulife Investments GIC must be annuitized or cashed-out on or before the annuitant's 100th birthday. Clients cannot choose investment terms that go past age 100.

Funds accumulated in non-registered contracts will be transferred to a life annuity at age 100, unless alternate instructions are provided.



*For pension jurisdictions which require annuitization at age 80, the latest issue age is up to December 31 of the year the client turns age 80.

Account options overview

INVESTMENT ACCOUNT OPTIONS

DAILY INTEREST ACCOUNT

- A short-term holding account with a floating interest rate
- Cashable at any time without fees
- Available for all registration types
- No minimum purchase amount

BASIC ACCOUNT (CASHABLE)

- Offers individual Accounts from six months to 10 years (up to 30 years for retirement income option) with the ability to select a specific maturity date
- By adding six months to a standard length term the client receives the next year's interest rate (e.g. a 2.5-year term would receive the 3-year rate). This does not apply to terms from six to 12 months less one day
- Accounts are cashable subject to possible surrender charges
- Available for all registration types
- Minimum purchase amount of \$1,000

BASIC NON-CASHABLE ACCOUNT

- Offers higher interest rates than standard length terms available on the Basic Account (cashable) with terms ranging from six months to 10 years with the ability to select a specific maturity date
- Half year rate bonus is not available (e.g. a 2.5-year term would receive the 2-year rate)
- Not cashable before maturity
- Not available for TFSA or RRIF/LIF/LRIF/PRIF/RLIF
- Minimum purchase amount of \$1,000

LADDERED ACCOUNT

- Laddered Account options of five years (one through 5-year terms) or 10 years (one through 10-year terms) available

- Equal distribution of the client's investment across each term (minimum of \$1,000/term)
- One blended rate given to all initial terms within the Laddered Account
- Upon maturity of each individual term, unless otherwise specified, funds are automatically reinvested into a Basic Account (cashable), based on the original option chosen (i.e. 5 or 10-Year Laddered Account)
- Available for all registration types
- Accounts are cashable and are subject to possible surrender charges
- Minimum purchase amount of \$5,000 for 5-year Laddered Account and \$10,000 for 10-year Laddered Account

ESCALATING RATE ACCOUNT

- Terms of three or five years available with increasing rates for each year of the term
- Available for RRSP, TFSA, LIRA and RLSP contracts only
- Accounts are cashable and are subject to possible surrender charges
- Minimum purchase amount of \$5,000

MARKET GROWTH ACCOUNT

- Links investment returns to growth of market based investments selected by Manulife Investments. Terms will vary based on offering
- Any investment growth, from the purchase date to the maturity date of the Market Growth Account, is paid out at the maturity of the term, with a minimum 100% guarantee of principal
- Not cashable before maturity
- Available for RRSP/LIRA/RLSP and TFSA contracts only
- Minimum purchase amount of \$5,000

Interest options

- **Compound** – Interest is calculated on a compounding daily basis and accumulated until maturity. At maturity, all the interest plus the original investment is available, without charge
- **Annual Simple** – Interest is calculated on a simple interest basis and credited annually on the deposit anniversary to the Daily Interest Account (e.g. a deposit of \$10,000 at 5% will credit an amount of \$500 annually). The interest is available without charge on the deposit anniversary. At maturity, all the interest remaining, plus the original investment, is available without charge
- **Semi-annual Simple** – Interest is calculated on a simple interest basis and credited semi-annually, based on the original deposit date, to the Daily Interest Account. The amount of interest credited will be based on the number of actual days in the period.

The interest is available, without charge, every six months from the original deposit date. At maturity, all the interest remaining, plus the original investment, is available without charge

- **Quarterly Simple** – Interest is calculated on a simple interest basis and credited quarterly, based on the original deposit date, to the Daily Interest Account. The amount of interest credited will be based on the number of actual days in the period. The interest is available without charge every three months, from the original deposit date. At maturity, all the interest remaining, plus the original investment, is available without charge
- **Monthly Simple** – Interest is calculated on a simple interest basis and credited monthly, based on the original deposit date, to the Daily Interest Account. The amount of interest credited will be based on the number of actual days in the period. The monthly interest is available without charge. At maturity, all the interest remaining, plus the original investment, is available without charge

REGISTERED CONTRACTS

The only interest option available is compound.

NON-REGISTERED AND TFSA CONTRACTS

All interest options are available.



Scheduled payments

SCHEDULED PAYMENT OPTIONS

Payment options are available for non-registered, TFSA and retirement income contracts including RRIFs, LIFs, LRIFs, RLIFs and PRIFs.

Payment frequency can be monthly, quarterly, semi-annual or annual.

Payments will be made directly to the client's bank account.

NON-REGISTERED AND TFSA

For non-registered and TFSA plans, the only payment option available is interest only. Payments are made from the Daily Interest Account, based on the amount of interest credited from the different investments in the contract.

NOTE: The amount of interest credited is based on the number of days in the period and therefore payment amounts can fluctuate throughout the year for frequencies less than annual.

RIF/LIF/LRIF/PRIF/RLIF

The payment options available for RRIF/LIF/LRIF/PRIF/RLIF include:

Minimum	This option will pay out the legislated RRIF minimum
Level – Client Specified Amount*	Any fixed amount requested
Indexed – Client Specified Amount Indexed Annually*	A requested income amount indexed by a fixed percentage annually
Maximum (LIF, LRIF, RLIF only)	This option will pay out the legislated LIF, LRIF or RLIF maximum for the contract

*All payments are subject to legislated minimum and maximums. In addition, the amount selected cannot fully deplete the Account before maturity.

WITHDRAWAL ORDER OPTIONS FOR RRIF/LIF/LRIF/RLIF AND PRIF

For registered retirement income products (RRIF/LIF/LRIF/RLIF/PRIF), the client must select a withdrawal order option, which determines how payments are to be funded by existing Accounts/terms. The Daily Interest Account is not included. Options include:

- 1 Lowest rate term first** – With this option, payments will be funded with the interest from the term(s) with the lowest interest rate(s) first (from lowest to highest). If the amount of interest from all terms is not sufficient to support the payment amount, the balance will come from the principal amount(s) of the term(s), starting with the lowest interest rate(s) (lowest to highest). Where interest rates are the same (e.g. Laddered Account), payments will be funded from terms starting with the shortest maturity date.
- 2 Pro-rated across all terms** – With this option, the payments will be funded proportionately, according to the balance in each individual term at the time the payment is made. For example, if the payment amount specified is \$500, and 10% of the contract value, at the time of the payment, is in term A, 30% is in term B and 60% is in term C, then the payment will be funded with \$50 (10% of \$500) coming from term A, \$150 (30% of \$500) from term B, and \$300 (60% of \$500) from term C.

NOTE: The amount being funded from a specific Account cannot fully deplete the Account before maturity.

TAX WITHHOLDING OPTIONS FOR SCHEDULED PAYMENTS ON RRIF/LIF/LRIF/RLIF/PRIF

For RRIF/LIF/LRIF/RLIF/PRIF clients must select from two tax withholding options:

- Levelized Minimum, or
- Client Specified Rate

LEVELIZED MINIMUM

This method levels out the amount of tax that is applied to each scheduled income payment when a payment frequency less than annual is selected. A RRIF minimum amount for the contract is calculated on January 1st of each year. The RRIF minimum is subtracted from the total amount of income expected for the year, based on the payment option selected. The amount over and above the minimum is considered the excess portion and is therefore subject to withholding tax. The amount of withholding tax is then spread equally across each individual scheduled payment. This method will result in the same net payment amount for the entire year.

For example, assume that a contract has a minimum required payout of \$5,000 calculated for a given year:

- The client selects level payments of \$1,000 per month
- The total amount to be paid for the year is \$12,000 (\$1000/month from January to December)

- The difference between the total amount payable for the year of \$12,000 and the RRIF minimum, in this case \$5,000, is considered to be the excess amount. The excess is \$7,000 (\$12,000–\$5,000). The tax rate applicable to the excess amount would be 20% or \$1,400

NOTE: The tax rate is based on the total excess amount for the year and not the total excess amount applicable to each individual payment. Therefore, the total tax payable for the year of \$1,400 is spread across each payment: $\$1,400/12$ or \$116.67 per payment. Applying this level amount of tax will provide for equal payments of \$883.33 per month ($\$1,000 - \116.67).

Any change in payment option, amount, or frequency during the year can result in a change to the level amount of tax withheld.

CLIENT SPECIFIED RATE

With the Client Specified Rate option, clients can select a tax rate that best suits their needs (e.g. a client may have additional income outside his/her RRIF and would like to have additional tax withheld from the RRIF to help cover the tax payable on that additional income). The tax rate selected may range from 10% to 100%. Once selected, this rate is used on all income payments (including minimum payments) from the contract. For example, if a client selects a 20% tax rate and has a \$1,000 monthly payment, 20% (\$200) will be withheld from each payment.

For Quebec residents, the client would select a specified rate for both federal and provincial withholding tax.

Charge-free cash withdrawal feature

CHARGE-FREE CASH WITHDRAWAL FOR RRIF/LIF/LRIF/PRIF/RLIF

In addition to scheduled payments, clients can withdraw up to 10% of the value of all Basic Accounts (cashable) and Laddered Accounts in their contract once per year, to a maximum of \$10,000 without charge.

Clients can select the Accounts from which they would like the funds withdrawn.

NOTES:

- More than 10% (or \$10,000) can be withdrawn, but the excess will be subject to possible surrender charges. Clients **must** take charge-free withdrawals from their contract into income. Funds withdrawn **cannot** be reinvested within a RRIF/LIF/LRIF/RLIF/PRIF contract
- If a client withdraws less than the 10% at one time, he/she forfeits the remaining free portion available for the year. The charge-free amount is not cumulative from year to year
- A client can never withdraw more than the LIF/LRIF/RLIF maximum associated with the contract. If an unscheduled withdrawal brings the total withdrawn amount from a contract up to its LIF/LRIF/RLIF maximum, the scheduled payments from this contract would stop until the next calendar year

NOTE: For unscheduled withdrawals, withholding tax will be applied at the government prescribed rate, unless the client requests that a higher tax rate be applied.

Asset transfer feature

ASSET TRANSFERS

Asset Transfers (partial or full) are transfers that occur between Manulife Investments GICs, without incurring charges, while maintaining the original rates and maturity dates. No commission would be payable on the deposit to the new contract.

Clients have the option to asset transfer their Basic Account (cashable) and Laddered Account investments held within their RRSP/LIRA/RLSP contracts to a RRIF/LIF/RLIF/PRIF prior to December 31st of the year the client turns age 71.

INITIATING TRANSFER REQUESTS

Complete a new application or financial change form (if asset transferring to an existing contract) and clearly indicate "Asset Transfer". Contract details (owner, annuitant, rates, maturity dates) should coincide with details of existing plan. Complete a Withdrawals and/or Transfer to RRIF/LIF/PRIF/RLIF form (NN0981E) to amend an existing contract to become a RRIF (a new contract number will be assigned for administrative purposes).

TRANSFER RRSP/LIRA/RLSP TO RRIF/LIF/RLIF/PRIF

Clients have the ability to purchase Basic Account (cashable) and Laddered Account investments that extend past the end of the year in which they turn 71 within their RRSP/LIRA/RLSP, because the contract will be amended to become a RRIF/LIF/RLIF/PRIF on December 31st of the year the client turns age 71.

WHAT ARE THE REQUIREMENTS?

The client must be aware that when they are purchasing a Basic Account (cashable) or Laddered Account investment within an RRSP/LIRA/RLSP contract that extends past the end of the year they turn age 71, it will mature after the RRSP/LIRA/RLSP contract has been amended to become a RRIF/LIF/RLIF/PRIF contract.

Interest rate information

INTEREST RATES

Manulife Investments GICs offer competitive interest rates. Current rates are available electronically on Repsource at manulifeinvestments.ca or through our public website at manulife.ca

You can also call the 24-hour automated rates line at 1 800 268 6640 to obtain current rate information.

HALF YEAR RATE BONUS

The half-year rate bonus is only available with the Basic Account (cashable). By adding six months or more to the standard term length the client receives the next highest term rate. (e.g. 2.5-year term receives the 3-year rate). This does not apply to terms less than one year in length.

SPECIAL LARGE CASE RATES

Special Rates are available for contracts in excess of \$500,000 through Manulife's Large Case Program. For details refer to the section on the Large Case Program.

RATE CHANGE NOTIFICATION SERVICES

Rate changes will be announced by "Rates by email" to a designated list of recipients. To register for the automated email service send an email to GIC_and_Annuity_Support@manulife.com

Rate guarantee programs

WHAT ARE THEY?

Manulife Investments rate guarantee programs are agreements where a client commits to deposit or reinvest funds with Manulife Financial, and Manulife Financial commits to guarantee rates.

The following programs apply to all **registered and non-registered** contracts.

NEW DEPOSITS

The rate guarantee program for new deposits allows clients to lock in the current rate up to 30 days prior to the new deposit. Funds received within the 30 days receive the guaranteed rate. If the funds are received after 30 days, the client receives the lower of the rate guaranteed or the rate in effect on the date of deposit.

If the total deposit amount received under the rate guarantee differs by more than 10% or \$10,000 from the amount originally guaranteed, Manulife Financial may apply the lower of the rate guaranteed or the rate in effect on the deposit date.



REINVESTMENTS

The “Better Of” rate guarantee program, for reinvestments, allows clients to lock in the interest rate up to 30 days prior to the renewal date of the investment. If the rate in effect on the day the investment renews is greater than the rate guaranteed, the client will receive the higher rate.

HOW DO I REQUEST A RATE GUARANTEE?

To guarantee rates on any particular day, the rate guarantee request must be received by Manulife Head Office, by midnight eastern (ET) time that same day. Rate guarantees must be based on current rates.

When requesting a rate guarantee, rates in effect can be confirmed, through the following methods:

- Phone Manulife’s 24-hour automated rate service at 1 800 268 6640, or
- Check Repsource at manulifeinvestments.ca
- Through our public website at manulife.ca

To obtain special rates for large deposits, see the section on the following page.

Complete and submit the rate guarantee by midnight eastern time (ET) the same day (financial change form or application):

- By fax: 1 877 277 3774 or
- By phone: 1 800 887 9331 or in Quebec 1 800 244 9834
(Note: the paperwork must follow the next day by fax to Head Office in Waterloo)

Large case program

QUALIFYING FOR ENHANCED RATES

With Manulife Investments Large Case Program, enhanced rates are available on Guaranteed Interest Accounts (GIA) for reinvestments and new deposits for clients whose Manulife Investments Guaranteed Interest Contract (GIC) and Manulife GIF Investment Account (MLIA) GIA’s balance is \$500,000 or more. Large case rates may also apply in situations where:

- The same owner has two or more contracts and the total is \$500,000 or more
- The owner has a spouse, and their combined contracts total \$500,000 or more
- Combination of corporate and individually owned contracts totaling \$500,000 or more

NOTES:

- Rate discretion (refer to section on “Using Advisor Rate Discretion”) can also be used to enhance rates beyond the large case rate
- Large case rate enhancements are not automatic and must be requested by the advisor
- Large case rates apply to full year terms only

To request large case rate enhancements; contact the Manulife Investments Customer Service Centre.

- **For all provinces except Quebec:** 1 888 790 4387
- **Quebec:** 1 800 355 6776

Large case rate enhancements are available until 4:00 p.m. (ET) each day. A large case rate enhancement offer will be faxed to the advisor and will be valid until midnight* eastern time (ET) that same day, by which time the advisor must submit a rate guarantee by fax to lock-in the rate for their client.

*For amounts up to \$2,000,000; otherwise 3:30 p.m.

Commissions

COMMISSION PAYMENTS

Manulife Investments GIC compensation is paid on the amount deposited or reinvested based on the account type and term length selected. Refer to the Schedule of Commissions, Override Credits and Recognition Credits – Individual Products (form ND0040) for details.

COMMISSION CHARGEBACKS

Commission chargebacks will apply in the following situations:

- In the event of death of the annuitant, for terms that extend past age 90, excluding individual terms within RRIF contracts with deposit dates before January 1, 2003 and MLIA GIAs with a deposit date prior to November 14, 2005
- If the annuitant dies within 90 days of the contract being issued

For commission chargeback calculations, please refer to the Schedule of Commissions, Override Credits and Recognition Credits - Individual Products.

WHAT IS RATE DISCRETION?

This “option” gives advisors the ability to increase their clients’ interest rate by taking a reduction in commission.

For Basic Account (cashable), Escalating Rate Account and Laddered Account a rate can be increased by as much as 0.4%, in exchange for a corresponding reduction in advisor commission.

For the Basic Non-cashable Account, a rate can be increased by as much as 0.2%, in exchange for a corresponding reduction in advisor commissions.

For example, assume a client was purchasing a Basic Account (cashable), and the advisor wanted to increase the client’s rate by 0.15%. In this situation the advisor would accept a reduction in commissions from 0.4%/year to 0.25%/year. For a Basic Non-cashable

Account, to increase the client’s rate by 0.15%, the advisor would accept a reduction in commission from 0.2%/year of term to 0.05%/year of term. Recognition credits will be reduced in the same proportion.

Advisor Rate Discretion does not apply to the Daily Interest Account or the Market Growth Account and is not available for terms greater than 10 years.

WHY USE IT?

This option may be used as a tool to have more control over the rates individual clients receive, based on the level of expert service they require from their advisor.

Rates for Manulife Investments GIC are competitively positioned. This positioning, plus the additional leverage provided through Advisor Rate Discretion option, can result in very competitive rates.

Surrender charges

WHAT ARE SURRENDER CHARGES?

When clients redeem their money from a Basic Account (cashable), Laddered Account or Escalating Rate Account before the maturity date, they could be subject to “Surrender Charges” made up of a Market Value Adjustment (MVA), and an Expense Recovery (ER).

WHAT IS MARKET VALUE ADJUSTMENT (MVA)?

The MVA is an interest adjustment charge that may result from a redemption prior to the maturity date of an Account. This charge depends upon the current interest rate environment at the time of redemption. It can be either positive or negative. If interest rates, for the term remaining, were currently lower than the rate being earned, the MVA would be negative and could offset all or part of the Expense Recovery charge. A negative MVA can only offset the Expense Recovery charge to zero.

WHAT IS EXPENSE RECOVERY (ER)?

An Expense Recovery charge is applied for redemptions that occur prior to the maturity date of an Account. This charge represents a recovery of fees (e.g. commissions) and contract charges (e.g. administrative costs) associated with the Account that have not yet been fully expensed.

Calculating Surrender Charges

The following formula is used for calculating surrender charges:

Market value adjustment (MVA) formula:

$$MVA = A \times T \times (C - G)$$

Expense recovery (ER) formula:

$$ER = A \times T \times 1\%$$

Total surrender charges (SC) formula:

$$SC = MVA + ER$$

A = Accumulated Value or amount redeemed

T = Time remaining to maturity (in days, divided by 365)

G = Guaranteed rate for the Account (the rate set at purchase)

C = Current rate for a Basic Account (cashable) of length T (time remaining in days divided by 365)

NOTE: For the Escalating Rate Account, the Average Rate will be used as the Guaranteed Rate (G) for the Account.

An example

A client invested in a 5-year Basic Account (cashable) at a guaranteed rate of 4.5%. With two years (730 days) remaining, the client wants to surrender their Account. The current two-year interest rate for a Basic Account (cashable) is 5.0%. The value of the Account, prior to the redemption is \$11,576.25.

MVA = $A \times T \times (C - G)$

$$= \$11,576.25 \times (730/365) \times (.05 - .045)$$

$$= \$11,576.25 \times 2 \times .005$$

$$= \$115.76$$

ER = $A \times T \times 1.0\%$

$$= \$11,576.25 \times (730/365) \times .01$$

$$= \$11,576.25 \times 2 \times .01$$

$$= \$231.53$$

SC = $MVA + ER$

$$= \$115.76 + \$231.53$$

$$= \$347.29$$



Interest calculations

HOW IS INTEREST CALCULATED?

Depending on the interest option selected, Manulife calculates interest using either a “compounding daily” interest formula or a “simple interest” formula.

COMPOUND INTEREST

When a compound interest option is selected, Manulife calculates interest using a “compounding daily” formula. This means the amount of interest earned each day is added to the principal (deposit amount). As a result, the interest for the following day is calculated on the new accumulated amount that increases each day as the interest is added.

The “compound” interest option is available for all registered and non-registered contracts.

USING THE “COMPOUNDED DAILY” FORMULA FOR A FRACTIONAL TERM

This example shows how the maturity value is calculated using the compounding daily formula for a Manulife Investments GIC when the deposit amount was invested for a “fractional term” (e.g. 1.5 years), in a Basic Account (cashable).

Assume the following:

- Deposit Amount = \$1,200
- Deposit Date: January 1st, 2006
- Interest Option: Annual Compound
- Interest Rate: 6%
- Maturity Date: June 30th, 2007

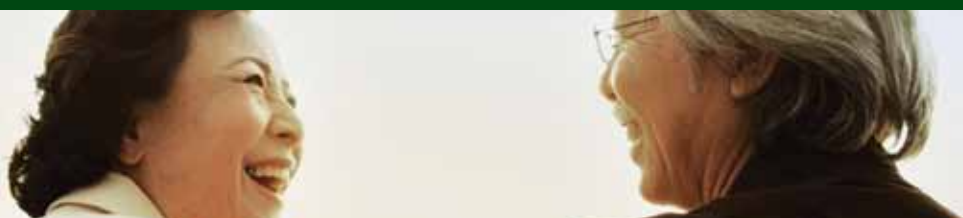
The maturity value in this example would be calculated as follows:

$$\text{DEPOSIT AMOUNT} \times (1 + \text{INTEREST RATE})^{\frac{\text{Number of days}}{365}}$$

With the actual data incorporated into the formula, the result is:

- $\$1,200 \times (1.06)^{546/365}$
- $\$1,200 \times (1.06)^{1.495890411}$
- $\$1,200 \times 1.091075493$
- \$1,309.29 is the maturity value at June 30th, 2007 (after one year and 181 days)

NOTE: The calculation will vary slightly in the event of a leap year.



USING THE SIMPLE INTEREST FORMULA

SIMPLE INTEREST

When a simple interest option is selected (Monthly simple, Quarterly simple, Semi-annual simple or Annual simple), Manulife calculates interest using a “simple interest” formula. This means the amount of interest earned each day is the same.

The “simple interest” options are only available for non-registered contracts.

As an example, assume the following:

- Deposit Amount = \$2,500
- Deposit Date: January 1st, 2006
- Interest Option: Annual Simple
- Interest Rate: 6%
- Maturity Date: June 30th, 2006

Interest earned for the period, would be calculated as follows:

$$\text{DEPOSIT AMOUNT} \times \text{INTEREST RATE} \div 365 \\ \times \text{THE NUMBER OF DAYS}$$

With the actual data incorporated into the formula, the result is:

- $\$2,500 \times .06\% \div 365 \times 181^*$
*181 is the # of days between January 1st and June 30th
- \$74.38
- The amount available on June 30th, 2006 would be the original principal amount of \$2,500 plus interest earned of \$74.38 for a total of \$2,574.38 (after 181 days)



RRIF/LIF/LRIF/RLIF/PRIF maximum and minimum information

RRIF MINIMUM CALCULATIONS

There are two types of RRIFs:

QUALIFIED RRIF

These RRIF contracts were purchased before January 1st, 1993 and have a different minimum calculation for ages 71 to 78.

NON-QUALIFIED RRIF

These RRIF contracts were purchased after December 31st, 1992 and use Non-Qualified minimum tables to calculate the minimum payment requirements.

NOTE: Both Qualified RRIFs and Non-Qualified RRIFs have the same calculation up to age 70 and after age 78.

The minimum calculation determines the legislative minimum amount the client must receive as income from the plan each year, which affects the required amount of withholding tax to remit to Canada Revenue Agency (CRA) (required withholding tax is calculated only on the amount withdrawn in excess of the RRIF minimum).

QUALIFIED RRIF RULES

Additional rules to keep in mind when adding money to or combining RRIFs are as follows:

If new RRSP money (LIRA, RLSP or pension money) is added to a Qualified RRIF, the contract assumes a Non-Qualified status and the minimum in the following and subsequent years will be calculated based on the Non-Qualified RRIF rules.

If a Qualified RRIF is combined with a Non-Qualified RRIF, the plan maintains its Non-Qualified status for minimum calculations in subsequent years.

If two Qualified RRIFs are combined, they will still be classified as a Qualified RRIF and subject to the Qualified RRIF minimum calculation.

If a Qualified RRIF is moved to a new carrier without any additional funds, it will still be classified as a Qualified RRIF for minimum calculations.

LIF/RLIF MAXIMUMS IN THE INITIAL YEAR

In the initial year,* the LIF/RLIF maximum is calculated based on the client's age on January 1st of that year and the applicable rate as per the Canadian Socio-economic Information Management System (CANSIM). CANSIM rates are set monthly by the Government of Canada, based on that month's average rate for long-term Government of Canada bonds. The previous year's November CANSIM rate is used to calculate LIF/RLIF maximum payments.

*Normally only funds transferred to a LIF/RLIF from a pension, LIRA or RLSP can have a payment during the first year. Funds transferred from another LIF or RLIF cannot have any payouts, minimum or maximum, during the year of transfer (with the exception of Alberta and Manitoba LIF to LIF transfers, provided the transferring institution didn't pay out the full maximum, and Federal LIF to RLIF transfers).



In the initial year of a LIF/RLIF, some pension jurisdictions require the maximum to be pro-rated based on how long the funds are in the plan. For example, if:

- the plan was opened on July 12th, 2006 with a \$10,000 transfer from a LIRA
- assuming the maximum factor would be 7.38% and the client was 65 on January 1st, 2006
- the maximum withdrawal for 2006 would be \$369.00 (i.e. $\$10,000 \times 7.38\% \times 6/12$)
- the plan was open for six months (July to December), with each partial month counting as a whole month

LIF/RLIF MAXIMUMS IN SUBSEQUENT YEARS

Every year after a plan's initial year, LIF/RLIF maximum payments are calculated on January 1st, based on the value of the contract and the client's age at January 1st of that year and the applicable CANSIM rate.*

DEPOSITS TO AN EXISTING LIF/RLIF PLAN

Supplementary deposits can be made to an existing Manulife Investments GIC LIF/RLIF, but only from specific sources including money transferred in from:

- LIRAs or RLSPs
- other LIFs or RLIFs
- LRIFs (Saskatchewan only)
- funds transferred directly from a pension plan

LRIF**

LRIFs are currently only available under Newfoundland and Labrador (not under our products), and Saskatchewan pension jurisdictions.

FOR SASKATCHEWAN – IN THE FIRST YEAR OF THE CONTRACT:

Saskatchewan only allows transfers from an existing LRIF into a new LRIF. When money is transferred from another income contract, there are no income payments allowed in the first year.

FOR SASKATCHEWAN – IN THE SECOND AND SUBSEQUENT YEARS, ANNUAL MAXIMUM PAYMENT IS THE GREATER OF:

- A** investment earnings for the previous year while in the LRIF
- B** the balance at the beginning of the year less the net value of all funds transferred-in over all years (the net value of all funds transferred-in equals the value of all funds transferred-in, including the initial deposit, less the value of all funds transferred out to purchase an annuity, a LIRA or another LRIF)
- C** 6% of the contract value at the beginning of the year. This is applicable to the first two years of the contract

In cases where a maximum is less than the minimum due to the lack of growth in the year, and provided it's not within the first two years of the contract, the maximum would be equal to the LRIF minimum for that year.

*The Alberta and British Columbia LIF maximum calculation and the Ontario Old LIF, New LIF and LRIF maximum calculation is the greater of the value using the applied CANSIM Rate and the previous year's investment returns under the contract. The Manitoba LIF maximum calculation is the greater of the value using the applied CANSIM rate and the investment earnings in the previous year plus 6% of any funds transferred into the LIF from a LIRA or pension plan.

**LRIFs have been eliminated for sale in the pension jurisdictions of Alberta, Manitoba, and Ontario.

PRESCRIBED RRIF (PRIF)

Currently, a Prescribed Registered Retirement Income Fund (PRIF) is only available under Saskatchewan and Manitoba pension jurisdictions. A PRIF is an investment option that allows for locked-in pension funds to be paid as retirement income, with no restriction on the maximum income available in a given year. The Saskatchewan government legislated a PRIF as a retirement income option to replace LIFs and LRIFs. Manitoba pension legislation permits a one-time transfer of up to 50% from a Manitoba LIF into a PRIF (see the Manitoba pension website or Repsource for steps to follow when applying for a MB one-time prescribed transfer).

How is a PRIF different from a traditional RRIF?

A PRIF has certain provisions that do not apply to a traditional RRIF. They are:

- Clients must be age 55 (under Saskatchewan pension legislation, the client may be younger depending upon the provisions of the pension plan from which the monies originated)
- The spouse must consent to the transfer by signing a prescribed consent form that can be found on the relevant government website
- On death, the owner's surviving spouse is entitled to the death benefit proceeds, unless a benefit waiver has been signed
- If a Saskatchewan PRIF is used to purchase an annuity, a surviving spouse is entitled to at least 60% joint and survivor annuity unless they sign a "Spouse's Waiver of 60% Past-Retirement Survivor Benefit"
- Clients cannot combine funds from a RRIF and a PRIF
- Clients cannot transfer PRIF funds to a non-locked-in RRSP or RRIF
- Payments from a prescribed RRIF are eligible for the pension tax credit provided that the client is 65 years of age or older



Client communications

REINVESTMENT NOTICE

Up to 30 days prior to the maturity date of the Account, the client will be notified of the reinvestment through a reinvestment notice mailing. The advisor will be notified through the Advisor Monthly Portfolio report.

The notice will direct clients to contact their advisor to discuss their reinvestment options.

CONTRACT MATURITY NOTICE

Up to 30 days prior to the contract maturity date, the client will be notified of their maturing contract through a contract maturity notice. The advisor will be notified via the Advisor Monthly Portfolio report.

The notice will direct clients to contact their advisor to discuss their contract maturity options.

CONFIRMATIONS

A Confirmation Notice is sent to the client for the following financial transactions:

- Upon receipt of the initial deposit
- Supplementary deposits (including first PAC)
- Internal transfers between investment options within the same contract
- Withdrawals (partial and full)
- Reinvestments

STATEMENTS

An annual statement is produced at the end of every calendar year and sent to the client early in January of the following year. On request, additional statements providing a snapshot of current holdings can be produced.

CONTRACT

Manulife Investments GIC is an instant issue contract, which is available for all registration types. The contract will become effective when the initial deposit is made and the original application is received in good order by Manulife Financial head office. The contract provisions are attached to the application form. However, certain additional provisions (e.g. locked-in pension funds) will be issued in an endorsement by Head Office when the contract becomes effective. The contract consists of:

- A copy of the GIC application form (NN0978) or Manulife Investments GIC TFSA application form (NN1566) and contract provisions (to be given to the client at time of application)
- A confirmation notice (issued by Head Office for the initial deposit and any subsequent deposits)
- Any amendment or endorsements agreed to in writing by Head Office on or after the date of application



Questions

SALES AND MARKETING QUESTIONS

- Contact your Manulife Investments Sales Team
- National Accounts advisors: 1 888 666 0882
- MGAs/Mutual Fund Dealers: contact your MGA office or your mutual Fund Dealer office

ADMINISTRATION QUESTIONS

- All of Canada except Quebec: 1 888 790 4387
- Quebec advisors: 1 800 355 6776
- MGAs/Mutual Fund Dealers: contact your MGA office or your mutual Fund Dealer office

RATES AND ADDITIONAL PRODUCT DETAILS

- Visit the “Investments/GICs” page on Reppsource manulifeinvestments.ca



FOR ADVISOR USE ONLY

The Manufacturers Life Insurance Company is the issuer of the Manulife Investments Guaranteed Interest Contract (GIC). Manulife, Manulife Investments, the Manulife Investments For Your Future logo, Strong Reliable Trustworthy Forward-thinking, and the Block Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

MK1492E 11/11 TMK710E



strong reliable trustworthy forward-thinking

| For your future™