



How the Immediate Finance Arrangement Works

Your situation

You need permanent life insurance protection and you also want to accumulate wealth through your company or through your investments. Your investment portfolio may include stocks, bonds, mutual funds, segregated funds, private company shares or GICs.

An option to consider – the Immediate Finance Arrangement

With this financial planning strategy, you deposit funds into a permanent life insurance policy. You put more money into the policy than what is required to cover the insurance and other policy costs. This excess creates significant cash value within your policy.

This strategy is designed to meet your need for permanent insurance protection while ensuring you also have the investment funds you require.

How does the Immediate Finance Arrangement work?

You purchase an exempt life insurance policy and deposit money into the policy, creating significant cash values. You assign the policy to a bank as collateral for a line of credit and use the borrowed funds to invest in a business or property in order to produce income. Depending on the amount borrowed, the bank may require additional security.

This strategy assumes the collateral insurance deduction and the interest expense will be fully deductible from your taxable income each year.

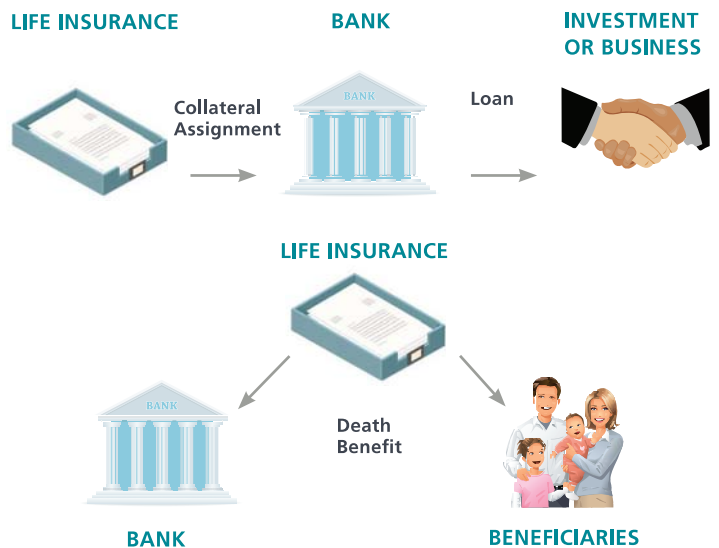
Each year, you pay the interest expense on the line of credit and claim both the interest expense and the collateral insurance deduction as tax deductions from your current income.

The tax savings that result from the deductions help offset the interest expense that you pay each year.

At the end of each year, you borrow an additional amount equal to the interest paid in the year less the tax savings realized from the deductions. This amount is used to invest in a business or property that produces income. The result of this process is that your line of credit balance will increase each year.

As the cash value in your life insurance policy grows, your need for extra collateral may decrease or your available line of credit may increase.

At your death, the insurance proceeds repay the outstanding line of credit balance. Any excess amount is paid tax-free to your beneficiary.



THE MANUFACTURERS LIFE INSURANCE COMPANY

