



How the Insured Retirement Program works

Your situation

Even though you have maximized contributions to your RRSP and pension plan, you are concerned that they will not provide you with the retirement income you need. In addition, you need permanent life insurance protection. You are looking for a financial planning strategy that will address your dual need for insurance and a retirement income supplement.

An option to consider – the Insured Retirement Program

With this financial planning strategy you deposit funds into a permanent life insurance policy in excess of what is required to cover the insurance and other policy costs. In the future, you assign the policy to Manulife Bank as collateral for a loan, which is structured as a line of credit. By using your life insurance policy in this manner, you satisfy your need for both permanent life insurance protection and a retirement income supplement.

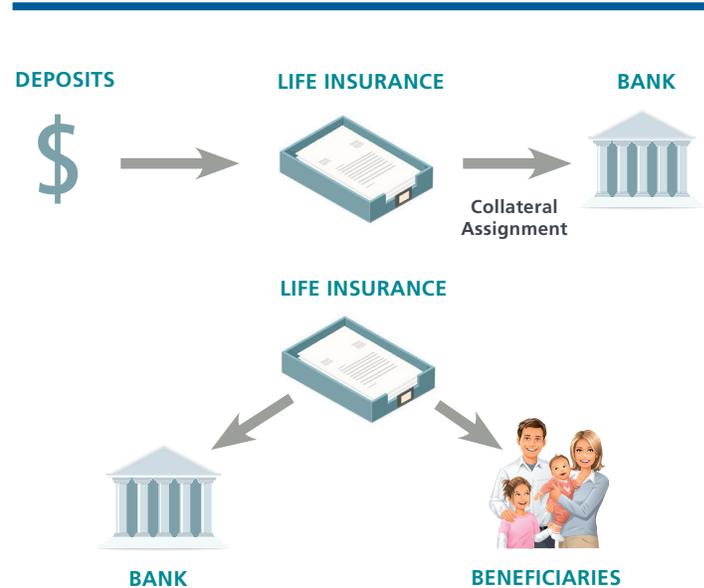
How does the Insured Retirement Program work?

You purchase a life insurance policy on your own life. You deposit amounts into the policy, creating significant cash values. At a point in the future, you assign the policy to Manulife Bank as collateral for a loan. You receive the borrowed funds tax-free and use them to supplement your income during retirement. If you use the borrowed funds for investment purposes, the interest may be deductible against your taxable income.

When you die, the insurance proceeds are used to pay off the outstanding loan balance and the excess proceeds are paid to your beneficiary tax free.

If the strategy assumes the interest expense is fully deductible from your taxable income, then each year you pay the interest expense on the line of credit and claim the interest expense as a tax deduction from your current income. The tax savings that result from the deduction 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



THE MANUFACTURERS LIFE INSURANCE COMPANY

