

Tax-free income for life with a Manulife RetirementPlus TFSA



Manulife
RetirementPLUS[®]

Manulife RetirementPlus can help your clients build wealth and prepare for retirement. When held in a TFSA, this powerful combination enables your clients to accumulate savings and create a tax-free stream of income that is guaranteed for life!

What is a TFSA?

A Tax-Free Savings Account (TFSA) is a special type of account that allows Canadians to contribute a certain amount of money each year and earn tax-free investment income. But unlike a Registered Retirement Savings Plan (RRSP), earnings in a TFSA are generally not taxed, even once withdrawn!

For Canadians saving for retirement, the TFSA is an exciting opportunity to accumulate a nest egg that will generally not be subject to tax. The opportunity is especially compelling for young Canadians who have many years to benefit from compounded tax-free investment returns.

As of January 1, 2016, the annual contribution limit is \$5,500. Since the introduction of the TFSA in 2009, the cumulative contribution room is \$46,500.

The benefits of Manulife RetirementPlus

Manulife RetirementPlus is a flexible savings and income product that can support your clients through the key phases of retirement planning. Manulife RetirementPlus also provides a unique opportunity for your clients to benefit from potentially rising interest rates, which can improve the value of Income Credits. Income Credits are accumulated monthly and help provide higher future guaranteed income.

Let's look at an example:

Stan, age 40, currently has a TFSA with a balance of \$25,000. Stan transfers his TFSA to Manulife and opens a Manulife RetirementPlus contract. Stan also plans to contribute \$5,500 per year to his contract by setting up a monthly Pre-Authorized Chequing Plan (PAC). At age 65, Stan plans to retire.

Stan contributes \$25,000 + \$5,500 each year from ages 40 to 64
Total contributions: \$162,500

Stan's market value growth
Market value at age 65: \$351,967

Stan's Income Credit accumulation
Income Credits at age 65: \$69,622

Stan's guaranteed lifetime income
Total income amount at age 65: \$17,243/year

For illustration purposes only. Market value growth is based on a 5% fixed rate of return and is not indicative of actual or future performance. Based on a male, Single Life. Assumes no withdrawals are made prior to taking income and that there are no excess withdrawals. Income Credits are not cash deposits, they increase the basis for calculating guaranteed income. Income rate(s) and Income Credit Rates are subject to change.

Stan's contributions from age 40 to 64 total \$162,500 and result in guaranteed lifetime income of \$17,243 per year. Since the payments are coming from a TFSA, Stan will not pay any tax on this income.

¹Fees may apply.

This projection assumes no change in interest rates. If interest rates were to rise, Stan would accumulate even more Income Credits and his income at retirement could be higher.

To put this in perspective, in this scenario an annual income of \$17,243 represents 4.9% of the market value at age 65. This amount lies considerably above the four percent commonly cited as a sustainable withdrawal rate from retirement savings. Furthermore, neither the income earned in a TFSA nor the withdrawals will affect federal income-tested benefits and credits.

Additional features and benefits of Manulife RetirementPlus

- Access to over 40 investment options, including up to 100% equity, from quality fund management firms including Manulife Asset Management, Mawer Investment Management Ltd., Fidelity Investments, TD Mutual Funds, Dynamic Funds, and CI Investments.
- Insurance benefits including the ability to bypass the estate on death, potential creditor protection, and 75% death benefit and maturity guarantees, proportionally reduced for withdrawals.
- Access to market value at any time should circumstances change.¹

For more information, please contact your Manulife sales team or visit repsource.ca



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Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value. Income Credits are not cash deposits, they increase the basis for calculating future guaranteed income. The Income Credit Rate is subject to change. Income Rates used to determine future guaranteed income are subject to change daily. Interest rates are one of a number of factors in determining Income Rates. An interest rate movement may not mean that Income Rates will move at the same time or by the same amount. For the current Income Credit Rate and Income Rates, please visit manulife.ca/investments. Exceeding withdrawal thresholds may have a negative impact on future income payments. Age restrictions and other conditions may apply. The Manufacturers Life Insurance Company is the issuer of the Manulife RetirementPlus insurance contract and the guarantor of any guarantee provisions therein. Manulife, Manulife Investments, the Block Design, the Four Cube Design, Strong Reliable Trustworthy Forward-thinking and Manulife RetirementPlus are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under licence.

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