

Tax, Retirement & Estate Planning Services

# Insurance Investments

The Facts



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# Introduction

This guide provides a comprehensive *overview* of the regulations and procedures that you're required to *follow* when setting up contracts issued by The Manufacturers Life Insurance Company (Manulife).

Our hope is that by providing you with a comprehensive reference tool that's easy to use, you'll spend a lot less time administering your business and more time working to fulfill the financial and wealth protection needs of your clients.



**Insurance investments: the facts** focuses on Manulife's investment solution products, such as segregated fund contracts, annuities, and guaranteed interest accounts (GIAs), and much of the information applies to other life insurance contracts issued by Manulife.

**The guide doesn't deal specifically with nominee name contracts, but in many situations, the principles outlined here apply. Further, legacy segregated fund contracts, with the exception of those with the Joint Life income option, aren't dealt with in this guide; you should consult the specific contract or information folder for those products.** We believe this guide will be especially useful if you're new to the business or are doing business with Manulife for the first time. With relevant information at your fingertips, you'll increase your effectiveness when it comes to properly advising your clients.

Because this guide provides detailed legal and regulatory information about setting up insurance contracts, we've taken extra effort to make sure that the facts you need are easy to find. Through extensive use of tabs, call-out boxes, charts, and clear subject headings, you should be able to navigate through this document quickly to find the information you want.

If you can't find the information you're looking for in this guide, don't hesitate to call your Manulife Investment Management Sales Team. Employees of Manulife are committed to providing advisors across Canada with the tools and information you need to help your business grow.

For more information on the topics outlined in this guide, refer to the contract application, information folder or visit the Tax, Retirement, and Estate Planning Services page at [www.manulifeim.ca/treps](http://www.manulifeim.ca/treps).

**Note: This guide doesn't supersede any administration policy of Manulife, and Manulife won't be bound by the opinions or positions expressed, which are subject to change without notice.**

## Important notice

This document is published for use by advisors to sell insurance products offered by The Manufacturers Life Insurance Company ("Manulife") and is not intended for general distribution to the public or third parties. The information provided herein is intended to be used by advisors in conjunction with other Manulife materials to provide services to Manulife clients. This information is not intended to provide legal, accounting or tax advice and should not be relied upon as such. The information included in this document is provided as of September 2021.



# How to use this guide

Due to the technical nature of the information, we’ve taken a few extra steps to make the subject that you’re looking for *easy to find*. You’ll notice a few design conventions used within the guide.

For a quick overview of what these conventions mean, take a moment to review this page.



## Bold text

You’ll notice extensive use of bold text. It means that the information highlighted represents an important point about a subject.

### Fact

The **Fact box** means that this section provides background information about a subject. Fact boxes are important since they’ll give you more insight into the rules that govern our industry.

### Tip

The **Tip box** represents quick pointers that can be valuable to your clients and help them meet their objectives.

## Charts: for ease of reference

The charts at the end of this guide illustrate the most common methods of setting up registered and non-registered contracts. Use these charts to help meet clients’ needs and expectations, particularly in the event of the owner’s or annuitant’s death.

## Glossary of key terms

To help you through the more technical information in this guide, we’ve included a glossary of key terms, on [page 98](#), for your convenience.

## Icons



The mouse icon informs you that additional resources related to a subject are available from Manulife Investment Management’s website: [www.manulifeim.ca/treps](http://www.manulifeim.ca/treps).



The paper icon lets you know that additional background information can be found in this guide. A page reference number is provided for your convenience.



The location icon signifies different rules and regulations that apply in the province of Quebec.



The dollar sign icon draws attention to the tax consequences investors should be aware of when setting up contracts.



# Privacy

The federal government and some of the provincial governments have enacted privacy legislation. In compliance with these laws, Manulife has developed detailed procedures to obtain, use, safeguard, and dispose of personal client information. Advisors are also subject to and responsible for complying with privacy laws.

Once an application is signed, the client authorizes Manulife to collect, verify, use, and store personal information for issuing and administering the contract.

The client also consents to Manulife sharing information with persons, financial institutions, and businesses as may be required in the administration of the contract.

The client is required to provide their Social Insurance Number, Trust Number, and business number, if applicable, for tax administration (i.e. the issuance of tax slips).

A client's refusal to provide consent at the time of application will result in Manulife being unable to issue the contract.

Clients have a right to access their own personal information or to withdraw consent at any time. However, if the personal information is required to be kept or disclosed by law, the withdrawal of client consent won't effect the required information. However, withdrawal of consent may make it impossible to administer the contract and Manulife may be forced to terminate the contract.

Personal information is kept in an investment file for the time period required by legislation and guidelines, or for the time period required to administer client contracts, and will be used for purposes including:

- confirmation of identity and accuracy of information provided
- evaluating applications, issuing and administering contracts
- complying with legal and regulatory requirements
- conducting searches to locate clients and update information
- offering additional products and services.

- Access to personal information is limited to:**
- employees and representatives of Manulife who require the information to perform their jobs
  - service providers who contract with Manulife to provide services such as data processing, programming, market research, printing, mailing and distribution services
  - advisors and any agency that has entered an agreement with Manulife and has supervisory authority over advisors
  - people who are legally authorized to view a client's personal information.



# 1. Parties to an insurance contract

The insurance company and the owner(s) of the contract are parties to the insurance contract.

Other people may have important roles in determining how the contract will work, including:

- successor owner (or contingent contract holder), if any
- measuring life (annuitant and successor annuitant or Joint Life, if any)
- beneficiaries.

## 1.1 Annuitant

The annuitant is the measuring life; the individual on whose life the maturity guarantee and death benefit guarantee are based.

### Fact

In provinces other than Quebec, the measuring life for annuities, GIAs, and segregated fund contracts is known as the *annuitant*; in life insurance policies, it's the *life insured*. In this guide, the term *annuitant* will have this meaning.



In Quebec, the *annuitant* refers to the person who will receive the payments under the annuity provisions of the contract.

**Unless a successor annuitant is named and living, the contract terminates on the death of the annuitant.** The annuitant can be the owner or whoever the owner designates.

**Some segregated fund contracts may offer a Joint Life income option. If this option is selected, then the contract won't terminate until the later of the death of the annuitant and the Joint Life.**



Refer to "Joint Life income option contracts" on [page 16](#) for more details on this option.

## 1.2 Single-owner contracts

A single-owner contract is the simplest and, in many cases, the most desirable. **Protection of the contract from the owner's creditors may be available where a single owner is named and the appropriate beneficiary designation is made.**



For an insurance contract to be eligible for creditor protection under provincial insurance law, which is discussed on [page 42](#) of this guide, a beneficiary of the family class or an irrevocable beneficiary must be named.

### a) Owner as annuitant

Often in a single-owner contract, the owner is also the annuitant.

**On the death of the owner/annuitant, and assuming no successor annuitant or Joint Life is named and living, the contract terminates, and the proceeds are paid to the beneficiary.**

Usually income earned or gains realized on the disposition of a non-registered contract are taxed to the owner.

### Fact

It's important to note that with registered contracts (e.g., RRSP, RRIF, and TFSA), the *Income Tax Act* (Canada) requires the owner and annuitant to be the same person.




## b) Successor owner

Where the owner is *not* the annuitant, or where the owner is the annuitant but a successor annuitant or Joint Life has been named, the client should consider whether a successor owner for the contract should be named.

**If an annuitant is still alive on the death of the owner and no successor owner has been named, ownership of the contract will pass to the owner’s estate. In this case, a probated will may be required to verify that the executor has the authority to deal with the contract.**

Where there’s a successor owner, ownership of the contract will transfer directly to the new owner rather than to the owner’s estate.

**By making sure there’s a successor owner, the contract continues in the hands of the new owner and the asset passes outside of the estate, which may save legal, estate administration, and probate fees, where applicable.**

 In Quebec, a successor owner is known as a **subrogated policyholder** or a **contingent contractholder**.

## c) Successor annuitant

In certain instances, the contract may allow the owner to name a successor annuitant. On the death of the primary annuitant, the contract would continue to be in force provided a successor annuitant is named and living. In this situation, the successor annuitant would become the primary annuitant.

**Fact**  
The appointment of a successor annuitant must be made prior to the death of the primary annuitant. A previously appointed successor annuitant can be changed or removed by the owner at any time before the primary annuitant’s death.

### Non-registered contracts with a living successor annuitant named

For non-registered contracts where the owner is the annuitant and a successor annuitant has been named, on the death of the owner/annuitant, the owner’s estate would assume ownership, unless a successor owner has also been named.

**Fact**  
Transfer of ownership to a successor owner other than a spouse will be a taxable disposition to the owner.

If the spouse is the successor owner, the contract passes to the spouse tax-free, as the *Income Tax Act* (Canada) allows a transfer to a spouse at cost. If the successor owner is someone other than the spouse, the estate of the deceased owner would be responsible for the payment of taxes on any income up to the date of death, as well as any taxes related to the disposition of the contract.

**The advantage of naming a successor annuitant is that it allows for the continuation of a contract, subject to any contractual restrictions, on the primary annuitant’s date of death.** The contract would have the same value, investments, interest rate, etc. This is also attractive for non-personal owners, such as corporations and charities, who may not want the contract to terminate. For some products with a guaranteed minimum withdrawal benefit (GMWB), certain provisions depend on the age of the annuitant, and if the annuitant changes, certain contractual conditions could apply.

If the owner and annuitant are different and the annuitant dies, the owner would continue to own the contract.

**A death benefit isn’t payable to the named beneficiaries and the death benefit guarantee won’t apply until the death of the last surviving annuitant.**

### TFSA contracts (successor planholder)

**For Tax-Free Savings Account (TFSA) contracts where a spouse is named successor planholder or sole beneficiary, the contract will continue and the spouse will automatically become owner of the contract and assume all ownership rights, subject to any contractual conditions, including the ability to name a beneficiary, unless the spouse elects otherwise. The successor planholder must be the annuitant’s spouse.**



c) Successor annuitant (continued)

**RRIF and all locked-in RRIF contracts**

For Registered Retirement Income Fund (RRIF) contracts where a successor annuitant is available, only an annuitant’s spouse can be named as such.

**Where a contract permits a client’s spouse to be named as successor annuitant, the spouse also becomes the successor owner on the annuitant’s death and assumes ownership rights, including the right to terminate the contract, change the beneficiary designation, or change the payments.**

However, if the primary owner/annuitant (i.e., the client) had designated an irrevocable beneficiary other than the spouse, the owner’s rights and the rights of the spouse as the successor annuitant will be limited. Neither the owner or the successor annuitant will be able to change the beneficiary designation, increase scheduled payments, or terminate the contract without the written consent of the beneficiary.

**Fact**  
An irrevocable beneficiary designation is not available for any Locked-in RRIFs.

Refer to “Irrevocable designations” on [page 30](#) for more details.

**Tip**  
This option allows the owner to make provisions for the successor annuitant (the spouse) while leaving a death benefit to a different named beneficiary (e.g., the children).

If the owner wants to name a successor annuitant, the owner may have to complete a separate form with the application. If the successor annuitant predeceases the owner or fails to meet the definition of spouse under the *Income Tax Act* (Canada) at the time of the owner’s death, the death benefit will be paid to the named beneficiary.

**As with any RRIF, on the death of the surviving spouse, a tax liability will be created in their estate even though the death benefit is paid to the beneficiary. Depending on the payment amount the surviving spouse received before death, the tax liability of their estate may be disproportionate to the benefit received while no funds go to their estate. It’s very important that a client understands this before entering such an arrangement. If it’s not the intention to have the estate of the surviving spouse be responsible for these taxes, alternatives for addressing the tax liability should be discussed at the time the surviving spouse is named as successor annuitant on the RRIF.**

**RRSP and all locked-in RRSP contracts**

For Registered Retirement Savings Plan (RRSP) contracts where a successor annuitant is available, only an annuitant’s spouse can be named as such.

**For such contracts, the successor annuitant must also be named as the sole primary beneficiary.**  
If the contract is still an RRSP on the annuitant’s death, the surviving spouse can receive the death benefit for the contract or continue the contractual benefits in a new RRSP or RRIF contract in their name. The surviving spouse may choose to continue the contract by making an election when notifying Manulife of the annuitant’s death.

If the surviving spouse wants to continue the contract, the spouse would complete a new account application — and designate new beneficiaries, if needed.

Finally, if the surviving spouse receives the death benefit, they will receive any top-up payments (if applicable).


**Tip**  
If the market value is less than the death benefit guarantee, the surviving spouse can choose to receive the death benefit as beneficiary under the contract and take advantage of the guarantee top-up.

**Fact**  
An irrevocable beneficiary designation is not available for any Locked-in RRSPs.

**RESP contracts (successor subscriber)**

Subject to any policy restrictions, a subscriber can name a successor subscriber on a Registered Education Savings Plan (RESP) contract. This option applies to both individual and family RESP plans. By naming a successor subscriber, on the death of the last surviving subscriber, the contract will continue and the appointed successor subscriber will become the subscriber and annuitant. A death benefit won’t be paid until the deaths of the subscribers and the successor subscriber.

**Fact**  
While a joint subscriber must be the subscriber’s spouse, a successor subscriber can be any individual that the subscribers choose.

 In Quebec, a successor subscriber can’t be named on a contract with joint subscribers.





## d) Joint Life income option contracts

A Joint Life income option provides a guaranteed income stream based on the lives of both the annuitant and the Joint Life, who must be the spouse of the annuitant. The advantage of a Joint Life income option is that it allows the continuation of the contractual benefits as they existed on the death of the annuitant or Joint Life. In many ways the Joint Life income option is like the successor annuitant designation. However, there are a few important distinctions that need to be understood.

**Fact**

A key difference between these Joint Life contracts and those that don't offer a Joint Life income option is that a successor annuitant isn't applicable.

On the death of the annuitant or Joint Life, whichever is earlier, the contract will continue until the death of the survivor. **Another Joint Life can't be named, the death benefit is not payable to the named beneficiaries, and the death benefit guarantee won't apply until the death of the survivor of the annuitant and Joint Life.**

**Tip**

In some situations, it may be useful to have the flexibility of maintaining a death benefit guarantee on each of the spouses, rather than only on the death of the surviving spouse. This can be done by having two separate contracts, each having one of the spouses named as annuitant and not selecting the Joint Life income option (i.e. choosing the Single Life income option).

### Non-registered contracts

**Fact**

If the owner is either the annuitant or the Joint Life, the surviving spouse will become the owner of the contract, unless otherwise designated.

If the owner isn't the annuitant or Joint Life and the annuitant or Joint Life dies, the owner would continue to own the contract. If the owner dies, the owner's estate would assume ownership unless a successor owner has also been named.

Where the spouse becomes the owner, the contract will pass tax-free to the surviving spouse. If the successor owner was someone other than the spouse, the estate of the deceased owner would be responsible for the payment of taxes on any income up to the date of death, as well as any taxes related to the disposition of the contract.

### TFSA contracts

For TFSA contracts, the *Income Tax Act* (Canada) requires the owner and annuitant to be the same person.

For TFSA contracts where a spouse is named Joint Life, the contract will continue and the spouse will automatically become owner of the contract and assume all ownership rights, subject to any contractual conditions, including the ability to name a beneficiary. The Joint Life must be the annuitant's spouse.

For contracts where the Joint Life income option is not selected (i.e. the Single Life income option is chosen), upon the owner/annuitant's death, the contract will terminate and the beneficiary will receive the death benefit.

### RRIF and all locked-in RRIF contracts

With RRIF contracts, the *Income Tax Act* (Canada) requires the owner and the annuitant to be the same person.

For RRIF contracts where a spouse is named Joint Life, the contract will continue and the spouse will automatically become owner of the contract and assume all ownership rights, subject to any contractual conditions, including the ability to name a beneficiary. The Joint Life must be the annuitant's spouse.

However, if the primary owner/annuitant (i.e., the client) has designated an irrevocable beneficiary, other than the spouse, the owner's rights and the rights of the spouse as the Joint Life will be limited. Neither the owner or Joint Life will be able to change the beneficiary designation, increase scheduled payments, or terminate the contract without the written consent of the beneficiary.

**Fact**

An irrevocable beneficiary designation is not available for any Locked-in RRIFs.

See "Irrevocable designations" on [page 30](#) for more details.

**Tip**

This option allows the owner to make provisions for the Joint Life (the spouse) while leaving a death benefit to a different named beneficiary (e.g., the children).

**As with any RRIF, on the death of the surviving spouse, a tax liability will be created in their estate, even though the death benefit is paid to the beneficiary. Depending on the payment amount the surviving spouse received before death, the tax liability of their estate may be disproportionate to the benefit received and no funds may go to their estate. It's very important that the client understands this before entering such an arrangement. If it's not the intention to have the**

**estate of the surviving spouse be responsible for these taxes, alternatives for addressing the tax liability should be discussed at the time the Joint Life income option is selected on the RRIF.**

### RRSP and all locked-in RRSP contracts

For RRSP contracts, the *Income Tax Act* (Canada) requires the owner and annuitant to be the same person.

Under the Joint Life income option, the owner must name the spouse as the Joint Life and sole beneficiary.

**Fact**

If the contract is still an RRSP on the death of the annuitant, the Joint Life has the option to receive the death benefit for the contract or continue the guaranteed income and contractual benefits in a new RRSP or RRIF contract in their name.

**Tip**

If the market value is less than the death benefit guarantee, the surviving spouse can choose to receive the death benefit as beneficiary under the contract and take advantage of the guarantee top-up.

**Fact**


An irrevocable beneficiary designation is not available for any Locked-in RRSPs.

### 1.3 Multiple-owner contracts (Only applicable to non-registered contracts)

Many of the same principles that apply to single-owner contracts apply to multiple-owner contracts. However, having multiple owners introduces some important differences that often make exercising rights under the contract more complex. It's important to understand these differences and the implication for clients.

**Generally, outside Quebec, there are two types of multiple ownership:**

- joint owners with right of survivorship
- owners as tenants in common.

 Joint owners under Quebec law are referred to as *undivided co-owners*, and while they own the contract, they share its rights, benefits, and disadvantages as described below. In the common law provinces, it's the equivalent of *tenants in common*. You can read the comments in subsection b), as they apply to Quebec as well. Joint owners with right of survivorship means that the rights of the deceased joint owner will be transferred to the survivor. It has no equivalent in Quebec, however, naming a subrogated policyholder is a way to get the same result.

#### Disadvantages of multiple ownership

**Where a contract has multiple owners, whether joint owners or tenants in common, all the owners must agree with every change or transaction.** All the owners' consent is required to withdraw funds, switch funds, or change a beneficiary designation. If one of the owners becomes incapacitated, it may be impossible to obtain agreement or consent.

#### a) Joint owners with right of survivorship (not applicable in Quebec)

**Fact**

Each joint owner holds title to the whole of the contract. On the death of one joint owner, provided the deceased owner is not the last surviving annuitant or the survivor of the annuitant and Joint Life, the surviving joint owners become the sole owners of the contract. The estate of the deceased joint owner has no ownership rights in the contract.

For ease of understanding (although it's not technically or legally accurate), you could say that the deceased owner's share in the contract passes automatically to the surviving joint owner, or owners if there's more than one.

It's important to be aware of the taxation method for jointly owned contracts. For contracts jointly owned by spouses or individuals with minor children or grandchildren, the *Income Tax Act* (Canada) states what proportion, if any, is taxable to each party, depending on the contributions of each to the contract. Where one owner contributes all funds to the contract, all income will be attributed back to that person rather than shared by the joint owners.

Joint ownership arrangements can be complicated, particularly in non-spousal situations. Even though an asset is owned jointly by two individuals, the intention may be to have only one true beneficial owner and the other owner was named for convenience purposes, to help manage the asset. In this instance, there's no actual intent to give beneficial ownership to the other owner. Under the law, this isn't considered a true joint ownership situation but rather an agency arrangement with no right of survivorship. As a result, on the true owner's death, the asset may flow through the estate and be subject to probate.

It's important for individuals to carefully document their intentions, as jointly owned property has been the subject of many lawsuits where parties have disagreed on what the objective truly was and the actual intent of the deceased party was determined by the courts.

#### b) Owners as tenants in common

**Each owner as tenant in common has a quantifiable share of the contract. On the death of an owner as tenant in common, who's not the last surviving annuitant or the survivor of the annuitant and Joint Life, ownership share passes to the estate or to a successor owner named for that share.**

**Tip**

Given the increased complexity and potential for problems, clients should carefully consider whether multiple ownership is right for their needs





# 1.4 Spouses as joint owners with right of survivorship — proceed with caution (only applicable to non-registered contracts and not applicable in Quebec)

**A common error in setting up an insurance investment contract (i.e., a segregated fund contract, GIA, etc.) is naming the spouses as joint owners, with one spouse as annuitant and the children as beneficiaries.** This is often done with the belief that if either spouse dies, the other will assume ownership of the contract.

**However, if the annuitant spouse dies first, the contract terminates and the proceeds are paid to the children as beneficiaries. The surviving spouse receives nothing.** This is often not the intended result, and is further complicated if the children are minors because they can't disclaim ownership of the funds.

**Tip**


Due to the requirement for an annuitant in an insurance investment contract, this arrangement doesn't achieve the intended result and generally joint ownership of an insurance contract isn't recommended.

As noted earlier, joint ownership also makes transactions more complex, as both owners must agree with and sign for (where applicable) every change, withdrawal, fund switch, or other transactions.

Where the intent is to pass ownership of the contract to a surviving spouse and the clients truly want joint ownership, the contract could be set up with the spouses as joint owners, one of the spouses as annuitant and the other spouse as beneficiary. The children could be named as secondary beneficiaries in the event the parents die at the same time. **In this scenario, the choice of the annuitant is very important as the death benefit guarantee will only be triggered on the annuitant's death.**

Another reason for carefully considering who should be the owner and who should be the annuitant is that insurance legislation excludes the owner and the owner's estate from the definition of beneficiary. **This means that if an owner is also the beneficiary, the owner may not qualify as a beneficiary of the family class and may potentially jeopardize creditor protection.**


**Properly determining who should fill which roles under the contract increases the likelihood that the contract will have protection from creditors.**

 Refer to "Creditor protection of investments," the "Spouses as joint or undivided co-owners" subsection, on [page 44](#) for more information.

**One alternative to joint ownership arrangements on insurance investment contracts is to name one spouse as owner and annuitant and the other spouse as successor owner and successor annuitant or Joint Life, where permitted, with the children named as beneficiaries.** This resolves the issue of having an owner or owner's estate named as beneficiary and potentially jeopardizing creditor protection. Also, if the primary annuitant dies first, the contract continues and ownership of the contract passes to the surviving spouse named as successor owner at cost, and therefore, tax-free, in line with spousal rollover rules. However, the death benefit won't be payable to the named beneficiaries until the death of the successor annuitant or the Joint Life, and the death benefit guarantee won't apply until then either. Also, unless the beneficiaries are named irrevocably, the surviving spouse can name new beneficiaries.

If the clients like this contract structure but want joint ownership, the contract could be set up with the spouses as joint owners as opposed to one of them being the owner and the other being the successor owner (in addition to one spouse being the annuitant and the other spouse being the successor annuitant). From an estate planning perspective this would have the same result in that upon the first

spouse's death the contract continues, and their ownership interest passes to the surviving spouse at cost pursuant to the spousal rollover rules. In addition, the children would not receive the death benefit until the death of both spouses. However, as previously mentioned, a downside with joint ownership is that both owners must consent to each transaction.

 Refer to "Successor annuitant" on [page 12](#) or "Joint Life income option contracts" on [page 16](#) for more details on these options.

Refer to "Types of beneficiary designations" on [page 29](#) for more information.



## 1.5 Other owners

### a) Corporate owner

Segregated funds are often used as an appropriate solution for corporate investments. With corporate ownership, a key executive, employee, or the owner of the company is usually the annuitant. It may also be possible, under Manulife’s administrative rules, for another annuitant to be named if the first named annuitant leaves the company.


**The corporation should be the beneficiary so that funds go back into the corporation. If a beneficiary other than the corporation is named, the client should consult a legal and tax advisor regarding potential legal and income tax implications.**

Corporate ownership of insurance contracts can be complicated because of the unique tax rules governing corporations.

**Tip**

Corporate owners should retain independent legal and tax advice to determine the best way to invest in a tax-effective manner.

**Having a corporation purchase and own a contract may reduce the availability of protection from creditors.**

 Refer to “Creditor protection of investments” on [page 40](#) for more information.

Corporate ownership may also reduce some of the flexibility of insurance investment contracts as corporations can’t name successor owners (i.e., a corporation will never die, therefore, a successor owner would never come into effect).

### b) Trust as owner


A trust provides a way for a person (the settlor) to give property to another person (the trustee) for the benefit of a third person (the beneficiary) while still maintaining some form of control over the property. The property is held and administered by the trustee.

A trust isn’t a legal entity. Rather, it’s a method of settling property and involves a relationship between the trustee and the beneficiary. A trust is treated as a separate legal entity for tax purposes, like a corporation or an individual.


**Fact**

In all provinces, a trust may purchase an insurance contract provided the document establishing the trust doesn’t prohibit investment of trust funds in insurance contracts.


For more information on trusts, visit our website at [www.manulifeim.com/retail/ca/en/viewpoints/tag/trusts](http://www.manulifeim.com/retail/ca/en/viewpoints/tag/trusts).

 The *Civil Code of Quebec* requires trusts to have formally documented terms — equivalent to a “formal trust” in common law provinces (i.e., an “in trust for” contract may not be valid).

Normally, the trust would be owner and beneficiary of the contract so that the money would go back to the trust on the death of the annuitant. The annuitant may be a trust beneficiary unless the trust document says otherwise. The settlor of the trust may also be the annuitant. This allows the trust funds to pass to the beneficiary on the death of the settlor.

 Quebec legislation sets out an additional restriction that the settlor or beneficiary of the trust may only be a trustee if acting jointly with a co-trustee who isn’t the settlor or a beneficiary.

**In many cases, a parent will purchase a contract on behalf of a child because a minor can’t enter a binding contract. The owner of the contract would be indicated as “Jim Smith in trust for Johnny Smith.” This may or may not create a trust.**

 Refer to “Trusts for minor/disabled beneficiaries” on [page 36](#) for more information.

**Trusts can complicate ownership and administration of a contract. Establishing a trust requires careful consideration, and usually the assistance of a lawyer and an accountant.** Trusts are taxed as an entity themselves but at different rates from individuals or corporations. Trusts increase the complexity of administration because trustees can only operate in accordance with the terms of the trust and the applicable legislation. Manulife requires trustees to submit the trust documents, and all trustees are required to authorize all transactions unless the trust agreement says otherwise. Trusts can’t name successor owners (i.e., a trust will never die, therefore, a successor owner would never come into effect).


### c) Charity as owner

**Fact**

Like corporations and trusts, charities can own insurance contracts.

This usually occurs when a philanthropist either transfers ownership of an existing contract or purchases a new contract in the name of a charity. The charity would typically be the owner and beneficiary and the philanthropist could be the annuitant. This allows philanthropists to fulfill their charitable wishes and receive charitable donation credits while reducing their assets, which may decrease the tax liability of their estate at death.

Alternatively, one could leave a certain sum to a charity and instruct the executor to purchase an insurance contract with those funds. When the contract is transferred to the charity, a charitable donation receipt would be issued to the estate. This receipt could be used to reduce the tax payable in the deceased’s terminal tax return if the gift qualifies as a gift by a graduated rate estate (GRE).

 For more information on charitable giving, visit our website at [www.manulifeim.com/retail/ca/en/viewpoints/tag/philanthropy](http://www.manulifeim.com/retail/ca/en/viewpoints/tag/philanthropy)







## 2. Beneficiary designations

**Fact**


The owner of a contract may designate a beneficiary unless otherwise restricted by the contract. Where a beneficiary designation is in effect, the insurance proceeds go directly to the named beneficiaries on the death of the last surviving annuitant, or the death of the survivor of the annuitant and Joint Life.


The owner may name a beneficiary in the application or by a subsequent declaration (a document changing the designation, signed by the owner — for example, a beneficiary change form, a beneficiary designation in a will, or other written document, such as a trust agreement).

The owner of a contract may name different people to be the beneficiaries of their insurance contract and to be the beneficiaries of their will or estate. The estate beneficiaries have rights arising from either a will, court order, provincial statutes other than the applicable insurance legislation or the *Civil Code of Quebec*.

### 2.1 Beneficiaries and wills

An insurance beneficiary may be designated in a will. **Even though the declaration is in the will, the beneficiary designation clause should confirm that the declaration is made under the applicable provincial insurance legislation (or the *Civil Code of Quebec*). It should also refer to a particular contract. Citing the insurance carrier and contract number in the declaration identifies which contract is covered by the declaration. In addition, the declaration should be distinct from the distributive clauses in the will. This avoids the possibility of a failed bequest.**

 In Quebec, if a reference to an insurance product is made in a will, the reference may or may not be considered a designation or revocation of an existing beneficiary designation. Therefore, when designating a beneficiary in a will, the owner should avoid using confusing terminology, such as “give and bequeath,” since such language may cause the proceeds to flow through the estate of the deceased and become accessible to creditors of the estate.

 If the intent is to revoke and make a new beneficiary designation under the contract, separate and apart from the estate, it should be clearly indicated that it’s a beneficiary designation under the contract, as opposed to a bequest under the will. Ambiguous language may result in delay or litigation, where it’s impossible for the insurer to determine the intent of the deceased with certainty.

Finally, a beneficiary designation in a will is revoked when the will is revoked by the testator or by operation of the law.

**The client should seek legal and tax advice when preparing a will and when making a beneficiary designation.**


## 2.2 Identifying the beneficiaries

**Tip**

Providing the names and relationships to the annuitant (relationships to the policyholder in Quebec) of the beneficiaries is the easiest way to identify who should receive the proceeds.

A designation becomes more complicated when a definitive description of the beneficiary isn’t made. For instance, “to my spouse” may cause difficulty in identifying the intended beneficiary if there’s a separated spouse and a common-law spouse.


On divorce or marriage breakdown, designations already in existence should be carefully reviewed to make sure that the wishes of the contract holder are properly reflected in the designation. **Generally, if there’s a named spouse, that designation remains in place even in the event of divorce. There must be a revocation or change of designation by the contract owner to change the named spouse as beneficiary.** Case law has held that a disclaimer in a separation agreement removing entitlement to any property or the estate of the other spouse will generally not be enough to override a beneficiary designation.

 Quebec is different from common law provinces. The *Civil Code of Quebec* expressly provides that divorce (not separation from bed and board) and dissolution of a civil union defeats the interests of the previously named spouse, unless there’s a clause in the judgment to the contrary. It should be noted that, in Quebec, a divorce pronounced before December 1982 doesn’t cancel a spousal designation unless the court order deals with it or revocation is pronounced in a separate court order. Also, in the *Civil Code of Quebec*, the term spouse always refers to married or civil union spouse only (i.e. excludes common-law partners).

**Where a beneficiary designation is made in favour of “my children,” the designation usually extends to all the owner’s children, including those adopted or born out of wedlock and stepchildren (the inclusion of stepchildren is uncertain in Quebec). It doesn’t normally include foster children. If an owner named “my children”, the designation would be placed as “outstanding requirements” and we would request that the owner name each intended beneficiary separately to avoid delays and disputes at the time of death claim.**

**Fact**

In *Brule v. Brule Estate*, 1979 CanLII 40 (SCC), the Supreme Court of Canada concluded that for the purposes of the *Ontario Insurance Act*, “my children” includes all children born to the owner, before or after the designation, who are alive at the time of the annuitant’s death.

 In Quebec, at the time of the policyholder’s death, an unborn child is included in the designation as a child of the owner if the child survives birth and meets certain other conditions.

**Tip**

One way to avoid uncertainty is to name children specifically and to review beneficiary designations frequently, especially when an event such as childbirth happens.

**Generally, in most provincial legislation, a designation in favour of *heirs, assigns, next-of-kin, or the estate of the owner* will cause the legal representative of the owner’s estate to be the recipient of the insurance proceeds. The proceeds form part of the deceased owner’s estate and will be distributed according to the will or provincial legislation where there is an intestacy.**

## 2.3 Why a beneficiary designation is important

### a) Reduces time and expenses related to estate administration


Depending on the jurisdiction, probate fees may create a significant liability to an estate.

**Fact**


A beneficiary designation resulting in a payment to a named beneficiary will avoid the payment of probate fees in relation to this asset. This is because provincial insurance legislation says that proceeds paid to a named beneficiary don’t form part of the estate of the contract owner. As a result, the proceeds go directly to the beneficiary, not through the estate. Probate fees are, therefore, not applicable.

In addition, because the proceeds avoid the estate, certain estate administration expenses such as legal, accounting, and executor fees may be reduced.

Regardless of the probate amount charged, it’s always better to avoid these fees and the time and expense required to have the will probated.

 Refer to “Reducing or avoiding probate and other fees” on [page 48](#) for more details.

Another advantage of bypassing probate is that probate can take several months (and even longer if the will is contested), delaying the distribution of assets. **A death benefit payout to a named beneficiary, on the other hand, is usually paid promptly on receipt of all required documentation.**

 In Quebec, there are no probate fees but there are costs to having certain wills verified. A notarial will doesn’t require verification. For a holograph will or a will made in the presence of witnesses, financial institutions will generally require the will to be verified. If a will is verified, this will delay the distribution of the estate assets and some fees will have to be paid to the legal advisor performing the verification, or to the court if the verification is done through the court system.






b) Potential creditor protection

During the annuitant's lifetime, if the beneficiary designation is irrevocable or in favour of someone of the family class, the contract may be exempt from seizure from the owner's creditors.


At death, protection from the claims of the owner's creditors may exist where there's a named beneficiary. The proceeds go directly to the named beneficiary and don't form part of the contract owner's estate.

 Refer to "Creditor protection of investments" on [page 40](#) for more details, as well as for specific information on creditor protection in Quebec.

c) Control

**Fact**  
One of the advantages of an insurance contract is that the owner can name a beneficiary and control who'll receive the proceeds. Provided they are revocable, beneficiary designations on an insurance contract can be changed easily without the formalities of a will.

A beneficiary designation can be complex or simple. It can determine when and how the proceeds will be received and can do this in the insurance contract application, beneficiary change form, a trust agreement, a declaration under a will, any other written document, or an *annuity settlement option*.

 See Beneficiary Designation - Annuity Settlement Option (Advisor login required).

Annuity settlement option

**Tip**  
The *Annuity Settlement Option* allows the death benefit to be paid to the beneficiaries in the form of a *term certain annuity* or *life annuity*, as specified by the owner.

Depending on the type of annuity selected, periodic payments will be made to the beneficiaries for a specific period of time or for their lifetime.

Multiple beneficiaries can also be accommodated. An annuity settlement option allows the owner to differentiate between beneficiaries — some to receive a lump sum and others to receive an annuity.


With an annuity settlement option, any death benefit payments, either as a lump sum or through an annuity, to a named beneficiary will be outside of the owner's estate and avoid probate fees.

**This no-cost alternative may be attractive to clients who want to transfer their inheritance gradually, as opposed to one lump-sum payment (e.g., where the beneficiary is financially irresponsible).**

2.4 Types of beneficiary designations

a) Revocable designations

Generally, beneficiary designations are revocable unless the owner indicates *irrevocable* on the designation.

 The exception to this rule is in Quebec where, if the beneficiary is the married or civil union spouse, the designation is irrevocable unless *revocable* is specified. However, a designation made in a will is always revocable even when it is a spouse. The owner of the contract can change or revoke a revocable beneficiary designation at any time during the lifetime of the annuitant.



## b) Irrevocable designations

**Manulife generally doesn’t recommend the use of irrevocable beneficiary designations.**

The circumstances in which an irrevocable beneficiary designation is desirable are rare. In many cases, irrevocable designations are made without considering the consequences of such a designation.

**Fact**

With an irrevocable beneficiary designation, the owner of the contract can’t make certain changes to the contract without the consent of the irrevocable beneficiary.

Among other things, the owner would be unable to change the beneficiary designation, change the owner, assign the contract as collateral for a loan, make withdrawals, or surrender the contract. This is further complicated when: (i) minors are named as irrevocable beneficiaries, as they can’t give consent until reaching the age of majority, nor can anyone do so on their behalf; or (ii) irrevocable beneficiaries become mentally incompetent, as generally no one can give consent on their behalf, not even a power of attorney. In addition, spouses often want to name each other irrevocably, not realizing that separation or divorce won’t undo such a designation (except in Quebec for a divorce or a dissolution of a civil union).


Occasionally, a client will be required to designate a former spouse as irrevocable beneficiary under the terms of a court order or separation agreement.

**Note:** In most provinces the beneficiary designation isn’t automatically irrevocable until filed with the insurer.

### Irrevocable beneficiaries and creditor protection

**Tip**

In unusual circumstances, an irrevocable beneficiary designation can be used where the owner wants creditor protection for the contract but has no one of the *family class* who can be named as beneficiary. The owner can name someone outside the *family class* as irrevocable beneficiary to get creditor protection.

 Refer to “Creditor protection of investments” on [page 40](#) for more details, including *family class* beneficiaries.

### Irrevocable beneficiary and RRIF successor annuitant or Joint Life designation


**Tip**

An irrevocable beneficiary designation may also be used in conjunction with a successor annuitant or Joint Life designation on a RRIF.

**Note:** An irrevocable beneficiary designation is not available for any Locked-in RRIFs.

On the death of the primary annuitant of the RRIF, the contract provisions go to the successor annuitant or Joint Life. **However, because of the irrevocable beneficiary designation, the successor annuitant or Joint Life won’t be able to change the beneficiary designation, increase scheduled payments, or terminate the contract without the consent of the irrevocable beneficiaries.** This option allows the owner to make provisions for the successor annuitant or Joint Life (the spouse), while leaving a death benefit to a different named beneficiary (for example, the children).

**However, as with any RRIF, on the death of the surviving spouse, their estate will be responsible for payment of tax on the value of the RRIF at the date of death. It’s very important that the client understands this before entering such an arrangement. If it’s not intended to have the estate of the surviving spouse be responsible for these taxes, alternatives for addressing the tax liability should be discussed at the time the surviving spouse is named as successor annuitant or Joint Life on the RRIF.**

 Refer to the RRIF and all locked-in RRIF contracts section under “Successor annuitant” on [page 14](#) and the RRIF and all locked-in RRIF contracts section under “Joint Life income option contracts” on [page 17](#) for more details.

**Tip**

Naming a beneficiary irrevocably can be used when you want to transfer ownership but effectively retain control of the asset; for example, a parent who wants to give money to an adult child but doesn’t want them to spend it irresponsibly.

The contract would be set up with the adult child as owner and annuitant and the parent as irrevocable beneficiary so that the child can’t make changes to the contract (e.g., withdraw funds, assign the contract, or change the beneficiary) without the parent’s consent. Although, on the death of the irrevocable beneficiary (the parent), the owner (the child) will have full control of the asset.




## 2.5 Insurance and persons acting in a representative capacity (powers of attorney)

Legal representatives of individuals (as opposed to entities) include a person named as attorney under a power of attorney, or someone who has been appointed as guardian, or a committee. Insurance applications are sometimes submitted by someone acting as the legal representative of the owner. At other times, the representative may want to make certain changes to the contract or engage in certain transactions on behalf of an owner who has become incapacitated or is otherwise unwilling or unable to act.

**A testamentary disposition occurs when someone takes steps to dispose of an asset, but the disposition won’t occur until the asset owner’s death.**


**In common law provinces, testamentary dispositions can usually only be made in a will. However, an attorney or representative can’t make a will or marriage contract for another person.**

 In Quebec, testamentary dispositions can be made in a will, as well as in a marriage contract.

Provincial insurance legislation permits the owner of insurance contracts to appoint beneficiaries and successor owners outside a will. This legislation doesn’t specify that these rights may be delegated. Many people have argued such rights may not be delegated where the exercise of the rights would result in a testamentary disposition.

The opposing argument is that naming a beneficiary is the exercise of a contractual right of the owner and isn’t like writing a will or codicil.

**Even if a right or power may be delegated, a person acting under a power of attorney or in a representative capacity is generally considered to be acting in a fiduciary capacity.** This means that the representative is required to only exercise powers for the benefit of the person whose property is being managed, subject to very specific powers to the contrary in the document under which the representative was appointed or as specifically provided by legislation. **The powers may not generally be used to benefit the attorney or guardian, or any third party.**

 In Quebec, the concept of *fiduciary capacity* isn’t clearly associated with the obligations of a person acting under a *mandate*, the legal term used in Quebec to describe the legal relationship between the attorney (mandatary) and the person (mandator) who delegated powers to the attorney. A mandatary must act in good faith, in the best interest of the mandator, and avoid conflict of interest situations. Furthermore, unless the mandatary’s powers are clearly defined in the mandate or power of attorney, the mandatary is restricted to the rules of simple administration, which are limited to acts of conservation of property which excludes the ability to designate a beneficiary.

### a) Beneficiaries and successor owners named by representatives and attorneys

There’s uncertainty about whether an attorney or representative of the owner can name a beneficiary. In such cases, a beneficiary designation is like a testamentary disposition, which ordinarily can’t be delegated.

Similarly, a representative naming a successor owner could be considered a testamentary disposition as the alienation of property takes place on the death of the owner. There is, therefore, uncertainty about the validity of any successor owner designation made by an attorney or representative, even if the owner is the annuitant.



b) Manulife’s policy

**Note that due to the uncertainty of the law in this area, any transaction by an attorney or representative may be challenged or subject to additional requirements and delays.**

**Tip**

Where the owner is still legally competent, we strongly recommend that the owner sign beneficiary designations, successor owner appointments, and other restricted transactions to limit the chance of future disputes or the effect of changes in the law or Manulife’s practices.

If the owner is no longer competent, Manulife may request that the attorney confirm this in writing or may require a court order declaring the owner incompetent.

Manulife may accept a beneficiary designation or designation of a successor owner named by an attorney or representative where that disposition is in line with the testamentary intention of the owner.

**Where the funds don’t have existing designations, Manulife will generally ask to see a copy of the owner’s last will to make sure that the beneficiary designation or successor owner follows the will.** For instance, a *gift over* to the children of an estate beneficiary, if the beneficiary dies before the testator, should be specified in the beneficiary designation.

By looking at the last will or prior designation, Manulife tries to confirm that the attorney’s designation of the beneficiary or successor owner won’t change the testamentary intention of the owner. Where there’s no will, Manulife may consider recognizing a beneficiary or successor owner who’d be entitled to receive the estate in the case of intestacy.

**Manulife can’t confirm that designations made following the above practices are valid. Manulife may request written consent of the estate executor and a notarial or probated copy of the will before payment of the death benefit or transfer of ownership to the successor owner, or may make payment of the proceeds to the court for determination of entitlement.**

The fact that an attorney or representative hasn’t tried to change the people entitled to the contract or funds on the death of the owner or annuitant reduces the possibility of conflict and of claims that the attorney or representative acted beyond the scope of their authority.

If Manulife receives a beneficiary or successor owner designation named by an attorney or representative in favour of someone other than the estate beneficiaries, or that conflicts with a previous designation, we may not be able to honour that designation without the consent of other persons possibly entitled on the death of the owner or annuitant. Not changing the designation before the death of the owner or annuitant could cause delays in the transfer of ownership to the successor owner or payment of a death claim, or a payment to court by Manulife so that the court may resolve the issue of entitlement. In the event such designations are made on an application for a contract, we may decline to issue the contract.

**If the money being invested is coming from an investment that has a beneficiary designation or successor owner, executed by the incompetent person while still competent, the exact same beneficiary and successor owner designations must be put in place for the new contract.**


A 2002 common law court decision involved a person, acting under a power of attorney, who moved money from an investment to a similar investment at another financial institution. The first investment had a beneficiary designation in place, but the person failed to maintain that designation on the new investment. The court held that the person couldn’t alter the estate planning of the owner and should have retained the existing beneficiary designation.

**Note:** In British Columbia, amendments to the *Power of Attorney Act* came into effect in 2011 and specifically provide attorneys the ability to create new designations in certain situations. For products renewing, replacing, or converting to a similar product, the new designation must be the same as what was made under the original product by the grantor, while capable. For new products (not renewing, replacing, or converting), the designation must be the grantor’s estate.

Similarly, in New Brunswick, amendments made to the *Enduring Powers of Attorney Act* in 2020 create the same results as for B.C. That is, existing products (renewals, replacements, or conversions) require the new designation to be the same as the original product. For new products (not renewing, replacing, or converting), the designation must be the grantor’s estate.

**Tip**

Before an attorney or representative applies for an investment insurance contract, the advisor should explain how the attorney may be limited in dealing with the contract.

 In Quebec, generally, a power of attorney must designate the grantor’s estate. At Manulife, if funds are transferred from another financial institution where the grantor made beneficiary designations while competent, such designations can be made on the new policy. Documentation supporting those designations would have to be provided to Manulife. If funds are transferred from another Manulife policy where the grantor made beneficiary designations, those beneficiaries can be named on the new policy.

c) Other transactions by representatives and attorneys

Transactions such as absolute assignments (transfers of ownership) and collateral assignments wouldn’t generally be considered testamentary dispositions.

However, as noted earlier, the attorney or representative is generally a fiduciary and must only act in the owner’s best interest, not in anyone else’s interest. Acts that are not in the best interest of the owner may be outside the scope of the fiduciary’s capacity and potentially ineffective.

**Manulife generally takes the position that an absolute assignment of the contract is ineffective as it’s not in the best interest of the owner. Also, a collateral assignment of the contract may be against the interest of the contract owner.**

**Manulife may permit an attorney to engage in these restricted transactions if the attorney can provide evidence that the transaction is for the benefit of the owner or according to the owner’s previously expressed intent.**





### 3. Trusts for minor/disabled beneficiaries

Trusts are often used by settlors to transfer property to family members (or others) while still allowing the settlor to keep some control over the property (either by being a trustee or by choosing the trustee and dictating the terms of the trust).

If the settlor doesn't want the beneficiary to own the property until a future date, through the trust agreement, the settlor is able to set out how the trust property is to be invested and when the property will be distributed to the trust beneficiary.


Trusts are also often used to hold assets on behalf of minors. Since minor children don't have the legal capacity to enter a binding contract or the authority to deal with a contract, even if ownership is transferred to them, trusts are used to hold the assets until the child reaches the age of majority, a certain age, or for specific purposes or milestones.

**Tip**

If a minor or a legally incompetent person is designated as the beneficiary under a contract, it's recommended in provinces other than Quebec that the owner of the contract name a trustee to manage the funds on behalf of the beneficiary.

Failure to do so may result in a court application being made to appoint someone for that role. There's also the possibility that management of the funds will become the responsibility of a government agency.


Trusts are also used for disabled beneficiaries to provide for their care, to preserve eligibility for government programs, or for tax-motivated reasons.

 For more information on trusts, see "Trust as owner" on [page 22](#).

**Tip**

When designating a minor or legally incompetent owner or beneficiary, it's recommended to have a formal trust document created. In the case of a minor, this gives the settlor of the trust (most often the parent or grandparent) the ability to specify at what age the minor will be entitled to receive the funds and the types of investments that can be purchased, as well as the option to allow the trust funds to be used for the benefit of the minor prior to them reaching the age of majority.

The trust can be created within a will. Trust provisions within the will should clearly identify the beneficiaries, trustee, and contract information, and indicate that the death benefit proceeds under the contract create a separate insurance trust and don't form part of the estate.

 In Quebec, a beneficiary designation can't include the appointment of a trustee to manage the funds on behalf of a minor (or incapacitated person). If a minor has a surviving parent who hasn't been deprived of parental authority, payment of the death benefit can be made to the parent as tutor. If the owner doesn't want a surviving parent to claim the funds on behalf of the minor, the owner should consult with a legal advisor about the possibility of having the funds flow through the estate and designating in a will the person they would want to administer the death benefit.


**Tip**

If your client is considering a trust for a beneficiary who's entitled to government support or subsidy programs, your client may want to discuss the concept of a completely discretionary trust, often referred to as a *Henson trust*, with a legal advisor. Depending on the jurisdiction, a completely discretionary trust may preserve the disabled beneficiary's entitlement to government benefits because they are not considered to own the assets. The government support or subsidy program rules should be carefully reviewed before proceeding.



### 3.1 Formal trusts vs. *In trust for* contracts

**Great care should be taken when making an *in trust for* ownership or beneficiary designation.** There are several issues that need to be addressed in such a situation. An informal trust (using the phrase “in trust for”) doesn’t involve a written trust agreement. As such, there may be confusion over the terms and conditions and difficulty proving their existence. Formal trusts are established by a written trust agreement that outlines the terms and conditions and clearly identifies the persons and property involved.

 In Quebec, only formal trusts are recognized, as the concept of an informal trust (i.e., an *in trust for* contract) doesn’t exist. A valid trust requires a settlor to transfer property from one patrimony to another patrimony established by the settlor for a particular purpose and which a trustee agrees to hold and administer.

Simply using the words “in trust for” won’t necessarily create a trust. For a trust to exist, three certainties must be met:

- certainty of intention
- certainty of subject matter
- certainty of objects.

#### a) Certainty of intention

Certainty of intention means that there must be clear intent to create a trust relationship, not simply an agency relationship or some other relationship. The Canada Revenue Agency (CRA) has stated that this could be difficult to prove without more than the simple use of the words “in trust for.” This is because, in many cases, a parent wants to open an investment in a child’s name since a minor can’t enter a contract, but they really have no intention of giving up ownership and control of the assets.

In addition, although a trust will often be protected from creditors of the settlor, that same protection may not be available in a simple *in trust for* contract if the intention to create a trust is in doubt.

#### b) Certainty of subject matter

Certainty of subject matter refers to the property being settled in the trust. This isn’t usually an issue with investment products, as the property is simply the product being invested.

#### c) Certainty of objects

Certainty of objects refers to either beneficiaries or purposes. Usually this certainty is addressed with the identification of beneficiaries, although purposes do become relevant in some charitable situations.

The identities of beneficiaries is clear if they’re named. Difficulties can arise, however, when broad wording is used such as “my children” (if this is a second marriage, were stepchildren meant to be included? What about children born out of wedlock?) or “my nieces and nephews” (the legal meaning may not include a spouse’s nieces and nephews — was this the intended result?)


Aside from having to guess one’s intention, an *in trust for* contract poses additional problems. Typically, no investment powers are specified, so the applicable provincial trustee legislation would apply. All provinces and territories have adopted the prudent-person rule for trustee investments, which provides wide discretion in investing if certain tests are met.

Often of even greater concern is the age at which a minor beneficiary is entitled to receive funds held in trust.

**Fact**

A simple “in trust for” designation, without clear instruction, will result in the child having the right to demand the trustee pay out the funds when the minor reaches majority age (age 18 or 19, depending on the province). If the trustee refuses, the child can apply to court for an order to make the trustee pay out the funds.

When using an “in trust for” or informal trust designation, consider using a declaration of trust document describing the terms of the trust.

 For more information on trust agreements or declarations of trust, visit our website at [www.manulifeim.ca/treps](http://www.manulifeim.ca/treps).

**Clients should seek legal and tax advice when considering the use of a formal trust or “in trust for” designation.**







# 4. Creditor protection of investments

**Fact**

As a general rule, all assets of an individual or entity can be used to satisfy unpaid debts to a creditor. This applies whether or not the individual or entity is bankrupt.

**Traditionally, however, life insurance contracts have been given special protection against the claims of creditors under provincial insurance legislation.** The legislation, which is generally consistent across Canada (with exceptions in Quebec), is intended to protect the rights of the beneficiaries under the contract. The definition of life insurance in all provinces includes annuity contracts.


Federal provisions provide creditor protection to all RRSPs, RRIFs, Registered Disability Savings Plans (RDSPs), and deferred profit sharing plans (DPSPs) in the event of bankruptcy only but don't protect contributions made in the 12 months before bankruptcy. The federal legislation doesn't override provincial laws dealing with creditor protection, such as provincial Insurance Acts or where provincial protection is already available<sup>1</sup>.

**Under the provincial Insurance Acts, full creditor protection may be available to registered and non-registered plans where an appropriate beneficiary is named.**

**Fact**

For RESPs, the *Income Tax Act* (Canada) requires that the RESP trust must be the contract beneficiary; therefore, no creditor protection is available.

Most RRSPs issued by insurance companies undertake to provide an annuity and come under the definition of life insurance in provincial insurance legislation.

 The Supreme Court of Canada decision in the case of *Bank of Nova Scotia vs Thibault* had a significant impact on creditor protection in Quebec. In response, the *Act respecting insurance* and the *Act respecting trust companies and savings companies* were amended in 2005. Any Quebec contract offered for sale as an annuity contract, as of December 6, 2005 and purchased before March 1, 2006, that didn't meet the definition of an annuity contract maintained creditor protection, if a qualified beneficiary was designated. As of March 1, 2006, all annuity contracts have to comply with the existing definition of annuity found in the *Civil Code of Quebec* and the new legislative provisions. Manulife amended its contracts to make potential creditor protection available to investors who designate a qualified beneficiary.

<sup>1</sup> At time of publication, British Columbia, Alberta, Saskatchewan, Manitoba, Prince Edward Island, and Newfoundland and Labrador had expanded creditor protection to non-life insurance RRSPs.



## 4.1 Creditor protection during life

Creditor protection during the life of the owner may be available by:

- making an irrevocable beneficiary designation in a life insurance contract
- designating certain family members specified in the provincial insurance legislation as beneficiaries (family class beneficiaries).

### a) Making an irrevocable beneficiary designation in a life insurance contract


**In the case when a beneficiary is designated irrevocably, the owner, while that beneficiary is living, may not alter or revoke the designation without consent of the beneficiary, and the contract isn't subject to sole control of the owner or the owner's creditors.**

 Refer to “Irrevocable designations” on [page 30](#) for more details.

### b) Designating certain family members specified in the legislation as beneficiaries (family class beneficiaries)

**In this case, an investment in a guaranteed interest or market-based insurance product, such as Manulife's GIA or segregated fund contracts, is generally protected from creditors during the lifetime of the owner if the owner designated a family class beneficiary.**

In provinces other than Quebec, a family class beneficiary would be any of the spouse, child, grandchild, or parent of the annuitant.

 In Quebec, a family class beneficiary would be any of the following: a married or civil union spouse, or descendants and ascendants of the policyholder. It's important to be mindful of this distinction, particularly in cases where creditor protection is important and the owner isn't the annuitant.

An added consideration arises when naming a trustee for the benefit of minor children. The class identified in the provincial legislation doesn't include a trustee.


Arguably, the provisions of the legislation could be interpreted to extend to this situation, because the same contract considerations would apply in this situation as would apply when the children are direct beneficiaries.

Although arguments on this issue have yet to be tested before the courts, where the beneficiary is a trust for the benefit of the children or grandchildren of the annuitant, it's possible that the courts would look through to the ultimate beneficiary of the proceeds for the purposes of creditor protection.

**However, the legislation specifically permits the naming of a beneficiary under a contract and separately naming a trustee for that beneficiary. The distinction here is that instead of a single line “in trust for” beneficiary designation, the trustee and the minor child are separately named. Using this approach, creditor protection is likely preserved in provinces other than Quebec.**

**Tip**  
When completing a Manulife application, you would provide the name of the beneficiary in the beneficiary election section and the name of the trustee on a separate line in the same section of the application.

**It should be noted, in any case, that creditor protection isn't absolute.**

 Refer to “Other potential restrictions to creditor protection” on [page 45](#).



## 4.2 Spouses as joint or undivided co-owners (applies to non-registered contracts only)


**In cases where there are spouses as joint or undivided co-owners, and one of them is the annuitant and the other is the named beneficiary, there may be a challenge by the creditors as to whether the contract is protected.**


This is due to the argument that the beneficiary is also an owner and, therefore, doesn't qualify as a family class beneficiary, since insurance legislation and case law specifically excludes the owner and the owner's estate from the definition of beneficiary. In such a situation, it could be argued that the contract is creditor protected; **however, there's no assurance that a court will agree.**

To maintain creditor protection, name one spouse as owner and annuitant, with the other named as successor owner and successor annuitant, or Joint Life where permitted. The children could then be named as beneficiaries.

With this contract setup, the potential for creditor protection is preserved and on the death of the first spouse, the surviving spouse assumes full ownership of the contract on a tax-deferred basis, either because they remain as owner or due to the spousal rollover rules if ownership transfers to the spouse named as successor owner.

However, keep in mind that, when a successor annuitant or Joint Life is named, no death benefit is payable to the named beneficiaries until the death of the last surviving annuitant, or the death of the survivor of the annuitant and Joint Life.

 Refer to "Successor annuitant" on [page 12](#) or "Joint Life income option contracts" on [page 16](#) for more details on these options.

 Refer to "Multiple-owner contracts" on [page 18](#) and "Spouses as joint owners with right of survivorship" on [page 20](#) for more information.

## 4.3 Other potential restrictions to creditor protection

**Fact**  
A contract with an irrevocable or family class beneficiary may not be protected if the purchase of or transfer to the insurance product, or the designation of the beneficiary, is done specifically to avoid creditors or when the owner was on the verge of insolvency.

The *Bankruptcy and Insolvency Act* (BIA) and provincial legislation dealing with creditors contain *fraudulent settlement* provisions designed to prevent debtors from sheltering assets from creditors. These pieces of legislation may, in certain circumstances, nullify the protection granted by provincial Insurance Acts where the insurance was purchased or changed to evade creditors.

Generally, provincial legislation will allow the creditor to set aside transactions where the intent of the transaction is to avoid the claims of creditors.

**Fact**  
A trustee in bankruptcy may challenge creditor protection where a fraudulent settlement has been made, regardless of when it occurred, and actions such as naming a new beneficiary, purchasing a new contract, or transferring unprotected assets to a protected contract to avoid creditors may be subject to attack.

**Great caution needs to be exercised when dealing with the issue of creditor protection where the person applying for insurance or the owner of a contract is in financial difficulty.** For instance, there's a chance that a court may find the contract can be seized where the contract was purchased or a designation was made by an owner trying to avoid creditors.

Finally, to obtain creditor protection, a corporate owner of a contract may consider naming a family class or irrevocable beneficiary (not applicable in Quebec). It's important to realize that when the death benefit is paid, a corporate asset is being given to a related party. In this situation, there will probably be a taxable shareholder benefit. Note that it's unclear how the CRA would quantify the shareholder benefit and whether there would be an annual benefit during the annuitant's life or a benefit at death. For this reason, the corporation should name itself as beneficiary of the contract. The corporation's legal and tax advisors should be consulted regarding taxation and other implications to the corporation and the beneficiary.

## 4.4 Creditor protection for amounts payable to beneficiaries

**On the death of the last surviving annuitant or the death of the survivor of the annuitant and Joint Life, any investment or insurance product that contains a beneficiary designation other than the estate is generally protected from the owner’s creditors.**

The death benefit is specifically excluded from the owner’s estate. The proceeds flow directly to the beneficiary, placing them beyond the reach of the owner’s creditors, provided it’s not found to be a fraudulent settlement, as described earlier.

Despite this arrangement, where the owner is the annuitant, a dependant’s relief claim can partially or completely override a beneficiary designation. If adequate provisions haven’t been made for the support of the dependants of the deceased owner/annuitant, the court may order adequate provisions be made from the estate or may require payments to the dependants from contracts with beneficiary designations, including insurance contracts.

## 4.5 Creditor protection and successor owners

Where a successor owner is named, on the death of the owner, and assuming an annuitant or Joint Life is still alive, ownership of the investment insurance contract will be transferred directly to the successor owner and not form part of the owner’s estate. As a result, the contract will generally be free from claims of estate creditors provided it’s not found to be a fraudulent settlement, as described earlier.

## 4.6 A final note about creditor protection

**Fact**  
It’s important to note that when we speak of creditor protection, we’re speaking of protection against the creditors of the owner of the assets or of the owner’s estate.  
  
Once received by a beneficiary, whether in the form of a lump sum or as an income stream, the funds aren’t generally protected from creditors of that beneficiary.

Take care when deciding on beneficiaries. Determine who’s more financially at risk, the contract owner or the beneficiaries. For example, a retired debt-free widower who supports himself with investment and pension income isn’t likely in need of creditor protection. However, any beneficiaries involved in a business or who are professionals may need creditor protection. In such situations, good will planning or using testamentary trusts would protect beneficiaries from their creditors.

In the past, income streams, such as RRIF income or annuity payments from an insurance contract, although paid directly to the payee, have been subject to garnishment by creditors, even though the capital investment may be protected.

However, it has been successfully argued in several provincial courts of appeal (Ontario, Newfoundland and Labrador, and Saskatchewan) that, under certain circumstances, RRIF and annuity payments may also be protected and exempt from garnishment. Income payments that were previously garnishable may be exempt until deposited to a bank account. Unscheduled withdrawals, however, remain subject to garnishment.

The CRA has taken the position that there’s no creditor protection when it issues a garnishment notice, otherwise known as a *requirement to pay*. If a withdrawal is requested while a requirement to pay is in force, Manulife is required to satisfy the requirement to pay and forward funds to the CRA.

To avoid child and spousal support payments going into arrears, many provinces have given their government enforcement programs the ability to deduct support payments directly from third parties who make payments to persons who are obligated to pay support. Depending on the province, certain sources of income can be garnished for this purpose, including annuity payments and retirement income. This garnishment can take priority over any creditor protection that may apply.

**Always encourage clients to obtain independent legal advice about creditor protection of their investments.**








# 5. Reducing or avoiding probate and other fees

## 5.1 What is probate and why is it required?

**Fact**

Probate is a process in which a court confirms the validity of a will. This process verifies the authority of the executor and validates that the will presented is, in fact, the last will and testament of the deceased. If the estate includes certain types of assets, such as real estate, they may not be able to be distributed until the will clears probate.

The probate process may be a lengthy and costly one, potentially tying up the assets for months (and for much longer if a will is contested). For a spouse or dependants in need of funds, the delay could result in serious financial problems.

 Probate doesn't apply in Quebec; the process used is called *verification*. Verification, as defined by law, isn't required in Quebec if the will is a notarial will. Notarial wills are drafted and witnessed by a notary in Quebec who keeps the original and files a report with a central registrar. If a person dies in Quebec and doesn't have a notarial will, verification by the court is required.

## 5.2 When is probate required?

Although probating a will is sometimes not legally required, many financial institutions require it if the value of non-registered assets held with them exceed a certain amount, often as low as \$50,000.

In some provinces, probate may be required if the deceased holds real estate in a land registration system where the provincial government guarantees title to some extent (e.g., the Ontario Land Titles System).

For insurance contracts, there are several instances where property can be transferred to an estate and, therefore, probate may be required.

### Contracts where the owner and annuitant are the same person and no successor annuitant or Joint Life is named and living

- If the owner has designated their estate as the beneficiary, the death benefit is payable to the owner's estate.
- If there's no named beneficiary living at the time the owner/annuitant dies, the death benefit is payable to the owner's estate.
- If the owner/annuitant and primary beneficiary die under circumstances where it can't be determined who died first and there's no secondary beneficiary, it's deemed that the beneficiary died first so the death benefit would be payable to the owner's estate.

### Contracts where the owner is a different person from the annuitant

- If there's no successor owner named and the owner dies, ownership of the contract transfers to the owner's estate.
- If there are multiple owners, the ownership type is tenants in common, there are no successor owners designated, and an owner dies, ownership share transfers to the owner's estate.

## 5.3 Investing with an insurance company can reduce probate fees

**Tip**  
One of the easiest ways to bypass the probate requirement or reduce probate fees is through a beneficiary designation on an insurance investment contract.

Most financial institutions require a will to be probated for non-registered investments when the value of the investments reaches a certain amount. This isn’t the case with registered or non-registered insurance investment contracts where the owner named a beneficiary, other than the estate, to receive the death benefit.

**Fact**  
Insurance investment contracts are governed by provincial insurance legislation that allows an individual to name a beneficiary. This legislation protects the insurer when a death benefit is paid according to the last-named beneficiary on file (even though a more recent designation may have been made elsewhere).

As a result, insurance companies can pay the death benefit to the beneficiary named in the contract immediately on receipt of appropriate documentation without requiring a probated copy of the will. As well, these assets don’t form part of the estate for the purpose of determining probate fees, which are based on the total assets requiring probate<sup>2</sup>.

In the example that starts on [page 51](#) (in which the probate fees total \$14,250), if the deceased had invested even half of the estate in an insurance investment contract with a named beneficiary, the probate fees would have been \$7,125 less. And if all the assets were invested in that way, there would be no fees.

## 5.4 Probate is a costly process

Obtaining probate is costly. Probate fees increase according to the total assets covered by the will. The table on [pages 52–53](#) summarize the probate fees payable in each province.

In Ontario, for example, probate fees are \$15 per every \$1,000 for estates valued over \$50,000. In addition, the filing for probate will incur legal fees.

## 5.5 Don’t forget other estate administration costs

In some provinces, probate fees are much lower than in Ontario. Therefore, other fees such as executor’s fees and legal and accounting fees, which result from administering the deceased’s estate, may be of greater concern.

**The following are examples only — actual costs will vary by province:**

- Executor (liquidator in Quebec) fees
  - 2.5 per cent of revenue receipts/disbursements
  - 2.5 per cent of capital receipts/disbursements
  - 0.4 per cent per annum of gross asset value of the estate
- Legal fees for passing of accounts and other estate administration (e.g., application for probate)
- Accounting fees for preparation of estate trust tax returns and deceased’s final tax return.

**Tip**  
Whenever a fee is calculated based on a percentage of the total value of the estate, investing in insurance products and naming beneficiaries other than the estate reduces the value of the estate and consequently the fees.

**This table shows an example of what could happen if an Ontario resident investor holding \$1,000,000 in a mutual fund, as compared to a Manulife segregated fund contract or GIA, were to pass away. Fees applied in the table are those in effect as of the date of publication.**

[Value of naming a beneficiary](#) Based on \$1,000,000 example in Ontario

Fee	Structure	Cost	
		Mutual funds (\$)	Seg.funds/GIAs <sup>3</sup>
Probate Fee	\$15 per \$1,000 > \$50,000	14,250	0
Estate administration fees	<b>Executor:</b> Varies by province (up to 5% for corporate executors) <b>Legal and accounting:</b> Varies depending on complexity <b>Total fees:</b> 1.5% of assets used in this example	15,000	0
<b>Total cost</b>		<b>29,250</b>	<b>0</b>

For illustration purposes only

<sup>3</sup> Refers to segregated fund contracts and Manulife Investments guaranteed interest accounts.

<sup>2</sup> In Saskatchewan, insurance policies with a named beneficiary are identified on the application for probate even though these assets don’t flow through the estate and aren’t subject to probate fees.



# 6. Provincial probate/ verification fees and taxes



For current probate/verification fees, see the [Provincial probate/ verification fees and tax chart](#).

Province	Value Of Estate	Fees/Taxes
British Columbia	\$0 to \$25,000	\$0
	\$25,001 to \$50,000	\$6 per \$1,000 over \$25,000
	\$50,001 or more	\$14 per \$1,000 over 50,000
Alberta	\$0 to \$10,000	\$35
	\$10,001 to \$25,000	\$135
	\$25,001 to \$125,000	\$275
	\$125,001 to \$250,000	\$400
	\$250,001 or more	\$525 maximum
Saskatchewan	Any amount	\$7 per \$1,000 or portion
Manitoba	Any amount	No probate fees applicable
Ontario <sup>4</sup>	\$0 to \$50,000	\$0
	\$50,001 or more	\$15 per \$1,000 over \$50,000
Quebec	Non-notarial will	Minimal fee applicable
	Notarial will	
New Brunswick <sup>4</sup>	\$0 to \$5,000	\$25
	\$5,001 to \$10,000	\$50
	\$10,001 to \$15,000	\$75
	\$15,001 to \$20,000	\$100
	\$20,001 or more	\$5 per \$1,000 or portion (0.5%)
Prince Edward Island	\$0 to \$10,000	\$50
	\$10,001 to \$25,000	\$100
	\$25,001 to \$50,000	\$200
	\$50,001 to \$100,000	\$400
	\$100,001 or more	\$400 + \$4 per \$1,000 or portion (0.4%)
Nova Scotia <sup>4</sup>	\$0 to \$10,000	\$85.60
	\$10,001 to \$25,000	\$215.20
	\$25,001 to \$50,000	\$358.15
	\$50,001 to \$100,000	\$1,002.65
	\$100,001 or more	\$1,002.65 + \$16.95 per \$1,000 or portion (1.695%)

Province	Value Of Estate	Fees/Taxes
Newfoundland and Labrador	\$0 to \$1,000	\$60
	\$1,001 or more	\$60 + \$0.60 per \$100 over \$1,000 (0.6%)
Yukon	\$0 to \$25,000	\$0
	\$25,001 or more	\$140 flat fee
Northwest Territories	\$0 to \$10,000	\$30
	\$10,001 to \$25,000	\$110
	\$25,001 to \$125,000	\$215
	\$125,001 to \$250,000	\$325
	\$250,001 or more	\$435
Nunavut	\$0 to \$10,000	\$25
	\$10,001 to \$25,000	\$100
	\$25,001 to \$125,000	\$200
	\$125,001 to \$250,000	\$300
	\$250,001 or more	\$400

<sup>4</sup> Fees are a tax.

## Important notes

- Some provinces may also charge filing fees and other administrative costs. Provincial legislation must be reviewed to understand all applicable fees and costs.
- The value of an estate is calculated according to the rules of each province, which may or may not allow deductions for things like specific debts or property (real or personal) located outside the province.
- Fees may be payable in more than one province.
- The chart is valid as of September 2021 — subject to change where amendments to provincial legislation and regulations occur.

# 7. Charts

The following charts show situations that frequently arise and discuss different contract set-ups for those situations. You may find these charts helpful when you set up contracts.

## 7.1 Examples of typical non-registered contract set-ups

Owner	Annuitant	Beneficiary	Successor owner	Results on death
Spouse A	Spouse A	Spouse B	N/A unless successor annuitant is named	<ul style="list-style-type: none"><li>If spouse A dies, the contract ends and the proceeds are paid to spouse B. 💰 Taxable disposition – Tax slips would be issued to spouse A and any gain would be taxable on their final tax return.</li></ul>
Spouse A	Spouse B	Spouse A	Spouse B	<ul style="list-style-type: none"><li>If spouse B dies, the contract ends and the proceeds are paid to spouse A. 💰 Taxable disposition – Tax slips would be issued to spouse A and any gain would be taxable on their tax return.</li><li>If spouse A dies, the contract continues and spouse B has ownership rights. 💰 Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>
Spouse A	Child	Spouse A	Common law provinces: Spouse B in trust for child  📍 Quebec: A minor child <sup>1</sup> could be named as successor owner.	<ul style="list-style-type: none"><li>If the child dies, the contract ends and the proceeds are paid to spouse A. 💰 Taxable disposition – Tax slips would be issued to spouse A and any gain would be taxable on their tax return.</li><li>If spouse A dies, the contract continues and spouse B will own the contract “in trust for” the child (in Quebec, the child will own the contract). 💰 Taxable disposition – Tax slips would be issued to spouse A and any gain would be taxable on their final tax return.</li></ul>
Spouse A and spouse B <sup>2</sup> (jointly with right of survivorship or undivided co-ownership in Quebec) <sup>3</sup>	Spouse B	Spouse A	N/A  📍 In Quebec: Spouse B would be designated as subrogated policyholder	<ul style="list-style-type: none"><li>If spouse B dies, the contract ends and the proceeds are paid to the spouse A. 💰 Taxable disposition – Tax slips would be issued to both spouses. Spouse A's gain would be taxable on their tax return and spouse B's gain would be taxable on their final tax return.</li><li>If spouse A dies, the contract continues and spouse B owns 100 per cent of the contract. 💰 Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>
Spouse A and spouse B <sup>2</sup> (tenants in common or undivided co-ownership in Quebec) <sup>3,4</sup>	Spouse B	Spouse A	Consider naming successor owner for spouse A's share	<ul style="list-style-type: none"><li>If spouse B dies, the contract ends and the proceeds are paid to spouse A. 💰 Taxable disposition – Tax slips would be issued to both spouses. Spouse A's gain would be taxable on their tax return and spouse B's gain would be taxable on their final tax return.</li><li>If spouse A dies, the contract continues; their estate would own 50 per cent of the contract and spouse B would continue to own 50 per cent of the contract. 💰 Not a disposition to spouse B; taxable disposition to spouse A for their share – Tax slips would be issued in both names and spouse A's gain may be taxable on their final tax return, depending on their estate distribution.</li></ul>

<sup>1</sup> The minor child’s tutor would administer the funds within the policy until they are the age of majority. The tutor has simple administration powers only and must comply with the rules relating to investments presumed sound.

<sup>2</sup> The *Civil Code of Quebec* doesn’t recognize either joint ownership with right of survivorship or tenants in common. In Quebec, subrogated policyholders may be appointed to achieve a result similar to joint ownership with right of survivorship. If no subrogated policyholder is named, the effect of the law in Quebec is similar to a tenants in common arrangement.

<sup>3</sup> When owners are spouses, the *Income Tax Act* (Canada) requires the investment to be taxed in proportion to each spouse’s financial contributions. It’s up to the owners of the contract to track each party’s financial contributions to the contract and to file their income tax returns accordingly.

<sup>4</sup> Unless indicated otherwise, each owner has an equal share. In these examples, the spouses would each own 50 per cent of the contract.



Owner	Annuitant	Beneficiary	Successor owner	Results on death
Spouse A and spouse B <sup>1</sup> (tenants in common or undivided co-ownership in Quebec) <sup>2,3</sup>	Spouse B	Spouse A and spouse B's mother	Spouse A's brother as the successor owner for their portion of the contract	<ul style="list-style-type: none"><li>If spouse B dies, the contract ends; 50 per cent of the proceeds are paid to spouse A and 50 per cent to spouse B's mother. 💰 Taxable disposition. Tax slips would be issued to both spouses. Spouse A's gain would be taxable on their tax return and spouse B's gain would be taxable on their final tax return.</li><li>If spouse A dies, the contract continues; their brother would own 50 per cent of the contract and spouse B would continue to own 50 per cent of the contract. 💰 Not a disposition to spouse B; taxable disposition to spouse A for their share – Tax slips would be issued in both names and spouse A's gain would be taxable on their final tax return.</li></ul>
Spouse A and spouse B <sup>1</sup> (jointly with right of survivorship or undivided co-ownership in Quebec) <sup>2</sup>	Child	Both spouses	<p>Common law provinces: No successor owner needed unless the owners want to specify that if both of them die while the child is still alive, they want someone to own the contract (e.g., aunt “in trust for” child)</p> <p>📍 Quebec: Both spouses must be designated as subrogated policyholder for one another. In addition, one could name the minor child<sup>4</sup> as subrogated policyholder in the event that both parents pass away.</p>	<ul style="list-style-type: none"><li>If the child dies, the contract ends and the proceeds are paid to both spouses, or the last surviving spouse. 💰 Taxable disposition – Tax slips would be issued to both spouses. Any gain would be taxable on their tax returns.</li><li>If either spouse dies, the surviving spouse owns 100 per cent of the contract. 💰 Not a taxable disposition – Ownership of the investment transfers at cost. If the owners have named the aunt “in trust for” the child as the successor owner, and both spouses die while the child is still alive, the aunt would become the owner of the contract — holding it “in trust for” the child. 📍 In Quebec: The child is named as subrogated policyholder and would own the contract.<sup>3</sup> <b>Note:</b> A successor owner designation on this type of contract set-up would need to specify that it only comes into effect if both owners predecease the annuitant. 💰 Taxable disposition – Tax slips would be issued to the last surviving spouse. Any gain would be taxable on their final tax return.</li></ul>
Spouse A and spouse B <sup>1</sup> (tenants in common or undivided co-ownership in Quebec) <sup>2,3</sup>	Child	Both spouses	Spouse A specifies that if they die, their mother should be the successor owner for their portion Spouse B specifies that if they die, their sister should be the successor owner for their portion	<ul style="list-style-type: none"><li>If the child dies, the contract ends and the proceeds are paid to both spouses, or the last surviving spouse. 💰 Taxable disposition – Tax slips would be issued to both spouses. Any gain would be taxable on their tax returns.</li><li>If spouse A dies, the contract continues. Spouse B owns 50 per cent and spouse A's mother owns 50 per cent. 💰 Not a disposition to spouse B; taxable disposition to spouse A for their share – Tax slips would be issued in both names and spouse A's gain would be taxable on their final tax return.</li><li>If spouse B dies, the contract continues. Spouse A owns 50 per cent and spouse B's sister owns 50 per cent. 💰 Not a disposition to spouse A; taxable disposition to spouse B for their share – Tax slips would be issued in both names and spouse B's gain would be taxable on their final tax return.</li></ul>
Corporation	President	Corporation	Not applicable	<ul style="list-style-type: none"><li>If the president dies, then the death benefit (corporate asset) would be payable to the corporation. 💰 Taxable disposition – Tax slips would be issued to the owner (i.e., the corporation).</li></ul>

<sup>1</sup> The *Civil Code of Quebec* doesn't recognize either joint ownership with right of survivorship or tenants in common. In Quebec, subrogated policyholders may be appointed to achieve a result similar to joint ownership with right of survivorship. If no subrogated policyholder is named, the effect of the law in Quebec is similar to a tenants in common arrangement.

<sup>2</sup> When owners are spouses, the *Income Tax Act* (Canada) requires the investment to be taxed in proportion to each spouse's financial contributions. It's up to the owners of the contract to track each party's financial contributions to the contract and to file their income tax returns accordingly.

<sup>3</sup> Unless indicated otherwise, each owner has an equal share. In these examples, both spouses would each own 50 per cent of the contract.

<sup>4</sup> The minor child's tutor would administer the funds within the policy until they are the age of majority. The tutor has simple administration powers only and must comply with the rules relating to investments presumed sound.



RRSP/RRIF/Annuity

Owner <sup>1</sup>	Annuitant	Beneficiary	Successor owner	Results on death
Spouse A	Spouse A	Spouse B	<p>Not applicable to RRSPs/RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.</p> <p>However, some registered retirement savings plan (RRSP) and registered retirement income fund (RRIF) contracts permit a spouse to be named as successor annuitant. In this case, the spouse will become the successor owner. See “RRSP and RRIF contracts” on <a href="#">page 14</a> for more details.</p>	<ul style="list-style-type: none"><li>• If spouse A dies, the contract ends and the proceeds are paid to spouse B.<ul style="list-style-type: none"><li>Ⓢ Spouse B may elect to transfer the death benefit amount to their RRSP, RRIF, or qualifying annuity. The transferred amount won't be included in spouse A's income at the time of death; spouse B would receive a tax slip and then be able to claim a corresponding deduction. Otherwise, tax slips for the value would be issued to spouse A at date of death.</li></ul></li></ul>
Spouse A	Spouse A	Financially dependent child or grandchild less than 18 years old	Not applicable to RRSPs/RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.	<ul style="list-style-type: none"><li>• If spouse A dies, the contract ends and the proceeds are paid to the trustee of the child or grandchild (in Quebec, the proceeds will be paid to the child and managed by the tutor). Where a trustee hasn't been appointed, the proceeds would be paid to the court, to a public trustee, or to a court-appointed guardian if the beneficiary's province of residence doesn't recognize a parent as having the authority to act on behalf of a minor child's property.<ul style="list-style-type: none"><li>Ⓢ Tax slips for the value would be issued to spouse A at date of death. If the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to a term certain annuity to age 18.</li></ul></li></ul>
Spouse A	Spouse A	Financially dependent child or grandchild by reason of an impairment in physical or mental functions	Not applicable to RRSPs/RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.	<ul style="list-style-type: none"><li>• If spouse A dies, the contract ends and the proceeds are paid to the child or grandchild. If the child or grandchild is mentally incapacitated, the proceeds are paid to a trustee, if named. Where a trustee hasn't been appointed, the proceeds would be paid to the court, to a public trustee, or to a court-appointed guardian.<ul style="list-style-type: none"><li>Ⓢ Tax slips for the value would be issued to spouse A at date of death. If the child/grandchild or the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to an RRSP, RRIF, RDSP, or qualifying annuity.</li></ul></li></ul>
Spouse A	Spouse A	Anyone other than a spouse or financially dependent child or grandchild	Not applicable to RRSPs/RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.	<ul style="list-style-type: none"><li>• If spouse A dies, the contract ends and the proceeds are paid to the beneficiary.<ul style="list-style-type: none"><li>Ⓢ Tax slips for the value would be issued to spouse A at date of death; the value would be fully taxable on their final tax return. The beneficiary may receive a tax slip for income earned between the date of death and the settlement date.</li></ul></li></ul>


<sup>1</sup> Owner and annuitant must always be the same person.



TFSA

Owner <sup>1</sup>	Annuitant	Beneficiary	Successor holder	Results on death
Spouse A	Spouse A	Spouse B	If spouse B is named as successor holder or sole beneficiary of the TFSA contract, they may automatically become owner of the contract. See TFSA contracts (successor planholder) on <a href="#">page 13</a> for more details.	<ul style="list-style-type: none"><li>If spouse A dies and names spouse B as successor holder or sole beneficiary, at death, the contract will continue and spouse B will automatically become owner of the contract unless spouse B elects to take the death benefit payment instead.  Not a taxable disposition – However, if spouse B takes the death benefit payment, they may receive a tax slip for any income earned between the date of death and the settlement date.</li></ul>
Spouse A	Spouse A	Anyone other than a spouse	None named.  <b>Note:</b> only a spouse can be named as successor holder	<ul style="list-style-type: none"><li>If spouse A dies, the contract ends and the proceeds are paid to the beneficiary.  Not a taxable disposition – The beneficiary may receive a tax slip for income earned between the date of death and the settlement date.</li></ul>

RESP

Subscriber	Annuitant	Student beneficiary	Successor subscriber	Results on death of annuitant
Single subscriber	Subscriber	Person(s) entitled to receive educational assistance payments	This can be any individual that the subscriber chooses. See “RESP contracts (successor subscriber)” on <a href="#">page 15</a> for more details.	<ul style="list-style-type: none"><li>The contract ends when the last of the subscriber or successor subscriber (if any) passes away. The death benefit is payable to the contract beneficiary, which is the RESP itself.</li></ul>
Joint subscribers (spouses or common-law partners)	Subscriber is the annuitant and the joint subscriber is the successor annuitant	Person(s) entitled to receive educational assistance payments	This can be any individual that the subscribers choose. See “RESP contracts (successor subscriber)” on <a href="#">page 15</a> for more details.   In Quebec, a successor subscriber can't be named on a contract with joint subscribers.	<ul style="list-style-type: none"><li>The contract ends when the last surviving spouse or successor subscriber (if any) passes away. The death benefit is payable to the contract beneficiary, which is the RESP itself.</li></ul>
Public primary caregiver	Student beneficiary	Person(s) entitled to receive educational assistance payments	Not applicable	<ul style="list-style-type: none"><li>The death benefit is payable to the contract beneficiary, which is the RESP itself. The plan will be terminated if all student beneficiaries are deceased and a replacement student beneficiary can't be made.</li></ul>

<sup>1</sup> Owner and annuitant must always be the same person.

Single owner

Owner	Annuitant	Beneficiary	Successor owner	Signatures required on application	Additional requirements
Single owner who's also the annuitant	Owner	<ul style="list-style-type: none"><li>Whoever the owner wishes to name; however, the owner shouldn't be the beneficiary</li><li>If a minor is named as beneficiary, the owner may want to appoint a trustee for the minor so that payment can be made promptly on death (not applicable in Quebec — see Trusts for minor/disabled beneficiaries on <a href="#">page 36</a> for more information).</li><li>If someone is signing on behalf of the owner under a power of attorney, or committeehip, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to name a beneficiary. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<ul style="list-style-type: none"><li>If there's no successor annuitant, on the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary. For that reason, don't name a successor owner unless a successor annuitant has been named.</li><li>If someone is signing on behalf of the owner under a power of attorney, or committeehip, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to name a successor owner. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	Owner/annuitant (or attorney, committee, curator, tutor, or guardian on the owner/annuitant's behalf)	<ul style="list-style-type: none"><li>If someone is signing on the owner's behalf, a copy of power of attorney, committeehip, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care is not sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary or successor owner, when permitted.</li></ul>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

Multiple attorneys/committees/curators/guardians. If the respective document specifies:

- Jointly – all must sign
- Jointly and severally – any or all may sign
- Not specified – assumed to be jointly, therefore, all must sign.

See [page 32](#), “Insurance and persons acting in a representative capacity (powers of attorney)” for further information on legal representatives.



Single owner

Owner	Annuitant	Beneficiary	Successor owner	Signatures required on application	Additional requirements
Single owner who's different from the annuitant	A person who isn't the owner	<ul style="list-style-type: none"><li>If the owner wants to be paid the death proceeds if the annuitant dies, then the owner should be named as the beneficiary.</li><li>There may be situations where it's appropriate for someone else to be named as beneficiary. If someone other than the owner has been named as beneficiary, confirm the owner understands that on the annuitant's death, the contract ends, the proceeds are payable to the beneficiary, and the owner receives nothing.</li></ul>	<ul style="list-style-type: none"><li>Whoever the owner wants to own the contract if the owner predeceases the annuitant (e.g., the owner could name the annuitant, or alternatively, a third person)</li><li>If someone is signing on the owner's behalf under a power of attorney, or a committeeeship, curatorship, or guardianship order, or as tutor, see "Insurance and persons acting in a representative capacity (powers of attorney)" on <a href="#">page 32</a> for a detailed explanation.</li></ul> <p><b>Borrowing an age</b></p> <p>If the owner is too old to be the annuitant under the rules for a particular product, or too old to be the annuitant to get the desired investment term, the owner may choose to name someone younger as the annuitant. It's very important to suggest that the owner name a successor owner to assume ownership of the contract on the owner's death. This strategy isn't appropriate for all products, depending on product features and complexity.</p>	<ul style="list-style-type: none"><li>Owner (or attorney, committee, curator, tutor, or guardian on the owner's behalf)</li><li>Annuitant, unless under the age of 16 (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the annuitant</li></ul>	<ul style="list-style-type: none"><li>If someone is signing on the owner's behalf, a copy of power of attorney, committeeeship, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary or successor owner, when permitted.</li></ul>
Minor (who is at least age 16)	See above	See above	See above	See above	The Insurance Act allows a person who's age 16 to make an enforceable contract (18 in Quebec). However, as a beneficiary, a person can't receive a death benefit payment until 18 years of age (except for Quebec).


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See [page 32](#), "Insurance and persons acting in a representative capacity (powers of attorney)" for further information on legal representatives.

Multiple owners

Owner	Annuitant	Beneficiary	Successor owner	Signatures required on application	Additional requirements
<p>Multiple owners with one owner named as the annuitant</p> <p><b>Note:</b> In our experience, most spouses want joint ownership with right of survivorship rather than tenants in common.</p>	<p>One of the owners</p>	<ul style="list-style-type: none"><li>• If the owners want the proceeds to be paid to the non-annuitant owners on the death of the annuitant, they should name the owners who aren't the annuitant as the beneficiaries.</li><li>• There may be situations where it's appropriate for someone else to be named as beneficiary. If the owners have named someone other than the non-annuitant owners as beneficiaries, have the owners confirm in writing on the application, or in a separate signed document included with the application, that the owners understand the contract ends on the annuitant's death, the proceeds are payable to the beneficiary, and the non-annuitant owners receive nothing.</li><li>• If the owners choose to name the non-annuitant owners as successor annuitant, the beneficiary should be whoever will receive the proceeds on the death of the last surviving annuitant (e.g., their children or the estate of last surviving annuitant).</li><li>• If someone is signing on behalf of an owner under a power of attorney, or committee ship, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to name a beneficiary. See "Insurance and persons acting in a representative capacity (powers of attorney)" on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<p><b>Joint ownership with right of survivorship</b></p> <p>A successor owner appointment is inappropriate and may result in conflicting claims, since the contract won't continue beyond the death of the joint owners. The only circumstance when it could be appropriate is where a successor annuitant who's not one of the joint owners is named. In such a case, the successor owner designation should state that it's effective "on the death of all joint owners."</p> <p><b>Tenants in common</b></p> <ul style="list-style-type: none"><li>• The owner who's not the annuitant may want to name a successor owner. If a successor annuitant is named, each owner may want to specify who should assume ownership of the successor annuitant's portion of the contract on death.</li><li>• If there's no successor annuitant, then the annuitant/owner doesn't need to name a successor owner for their portion, as on their death, the contract ends and the proceeds are payable to the beneficiary.</li><li>• If the intention is that some or all of the proceeds should revert to the other owners on the death of the annuitant, the beneficiary designation should be set up to accomplish this.</li></ul> <p><b>Ownership type not indicated</b></p> <p>Unless otherwise indicated, "Joint Ownership with Right of Survivorship" will be deemed to be elected. This means that on the death of an owner who's not the annuitant, that owner's share will automatically pass to the other owners.</p> <div><p>In Quebec, the above ownership types aren't applicable, so the owners may want to appoint subrogated policyholders to achieve a similar effect to "Joint Ownership with Right of Survivorship." If no subrogated policyholder is named, the effect of the law in Quebec is similar to tenants in common.</p></div>	<ul style="list-style-type: none"><li>• All owners (or attorney, curator, tutor, committee, or guardian on an owner's behalf)</li><li>• Multiple attorneys/committees/curators/guardians. If the respective document specifies:<ul style="list-style-type: none"><li>• Jointly – all must sign</li><li>• Jointly and severally – any or all may sign</li><li>• Not specified – assumed to be jointly, therefore, all must sign.</li></ul></li></ul> <p>See <a href="#">page 32</a>, "Insurance and persons acting in a representative capacity (powers of attorney)" for further information on legal representatives.</p>	<ul style="list-style-type: none"><li>• If someone is signing on an owner's behalf, a copy of power of attorney, committee ship, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>• Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary or successor owner, when permitted.</li></ul>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).


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See [page 32](#), "Insurance and persons acting in a representative capacity (powers of attorney)" for further information on legal representatives.



Multiple owners

Owner	Annuitant	Beneficiary	Successor owner	Signatures required on application	Additional requirements
<p>Multiple owners with all owners different from the annuitant</p> <p><b>Note:</b> In our experience, most spouses want joint ownership with right of survivorship rather than tenants in common.</p>	<p>A person who's not named as an owner</p>	<ul style="list-style-type: none"><li>• If the owners want the proceeds to be paid to themselves on the annuitant's death, they should name themselves as the beneficiaries.</li><li>• There may be situations where it's appropriate for someone else to be named as beneficiary. If they don't want to name all owners as beneficiaries, have the owners confirm in writing on the application, or in a separate signed document included with the application, that they understand that on the annuitant's death, the contract terminates, the proceeds are payable to the beneficiaries, and the owners receive nothing.</li><li>• If someone is signing on behalf of an owner under a power of attorney, or committee ship, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to name a beneficiary. See "Insurance and persons acting in a representative capacity (powers of attorney)" on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<p><b>Joint ownership with right of survivorship</b></p> <p>A successor owner appointment may be appropriate but should state that it's effective "on the death of all joint owners;" otherwise, it may result in conflicting claims on the death of an owner.</p> <p><b>Tenants in common</b></p> <ul style="list-style-type: none"><li>• Owners may want to name the other owners as the successor owners or they may each want to specify who should inherit their portions of the contract on death.</li><li>• If it's the intention that some or all of the death proceeds should revert to the owners on the death of the annuitant, the beneficiary designation should be set up to accomplish this.</li></ul> <p><b>Ownership type not indicated</b></p> <p>Unless otherwise indicated, "Joint Ownership with Right of Survivorship" will be deemed to be elected. This means that on the death of an owner who's not the annuitant, that owner's share will automatically pass to the other owners.</p> <div><p>In Quebec, the above ownership types aren't applicable, so the owners may want to appoint subrogated policyholders to achieve a similar effect to "Joint Ownership with Right of Survivorship." If no subrogated policyholder is named, the effect of the law in Quebec is similar to tenants in common.</p></div>	<ul style="list-style-type: none"><li>• All owners (or attorney, curator, tutor, committee, or guardian on an owner's behalf)</li><li>• Annuitant, unless under 16 years old (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the minor annuitant</li></ul>	<ul style="list-style-type: none"><li>• If someone is signing on an owner's behalf, a copy of power of attorney, committee ship, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>• Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary or successor owner, when permitted.</li></ul>


\*For Joint Life income option situations, see the charts on [pages 90-96](#).

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- Jointly – all must sign
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- Not specified – assumed to be jointly, therefore, all must sign.

See [page 32](#), "Insurance and persons acting in a representative capacity (powers of attorney)" for further information on legal representatives.

Non-personal owners\*\*

Owner	Annuitant	Beneficiary	Successor owner	Signatures required on application	Additional requirements
Corporation	<ul style="list-style-type: none"><li>Typically, an officer of the corporation</li><li>Consider naming a successor annuitant.</li></ul>	<ul style="list-style-type: none"><li>It's unusual for the death of an annuitant to trigger a distribution of a corporate assets to someone other than the corporation, so normally, the corporation is named as the beneficiary.</li><li>If the corporation wants to name someone other than the corporation as beneficiary, we require a letter from the signing officers of the company confirming that they understand the implications of making the designation and that on the death of the annuitant, the beneficiary will receive the death proceeds and the corporation will receive nothing.</li></ul>	Don't name a successor owner since a corporation will never die.	<ul style="list-style-type: none"><li>In accordance with the corporate resolution</li><li>Annuitant, unless under 16 years old (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the minor annuitant</li></ul>	<ul style="list-style-type: none"><li>A corporate resolution is required.</li><li><a href="#">Corporate and Non-individual Identity Verification-Online Transactions (Advisor login required)</a></li></ul>
Estate	Refer to the will (typically, it's a person who benefits from the estate, such as a beneficiary (i.e. heir of the estate) named in the will)	<ul style="list-style-type: none"><li>Typically, the beneficiary will be the estate (owner)</li><li>Sometimes, executors may want the death benefit payable to a person who'd receive it from the estate immediately on the death of the annuitant. Refer to the will for direction on what the appropriate beneficiary designation would be.</li></ul>	Don't name a successor owner since an estate will never die.	<ul style="list-style-type: none"><li>For owner, the executors as specified in the will<ul style="list-style-type: none"><li>If there are multiple executors, the will should specify how many executors must sign. If it doesn't specify, then all executors must sign the application.</li></ul></li><li>Annuitant, unless under 16 years old (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the annuitant</li></ul>	<ul style="list-style-type: none"><li>Notarized copy of the will</li><li><a href="#">Corporate and Non-individual Identity Verification-Online Transactions (Advisor login required)</a></li></ul>
Trust	Refer to the trust agreement or declaration of trust (typically, the annuitant is a person who benefits from the trust or a person whose death causes a distribution of the trust assets)	<ul style="list-style-type: none"><li>The beneficiary will usually be the trust (that is, the owner). An exception would be where the trust agreement specifically names who should receive the trust assets on the death of the annuitant, in which case that person could be named as beneficiary. If, on the death of that beneficiary, someone else becomes entitled to the death benefit under the trust, this should also be reflected in the beneficiary designation under the contract.</li><li>For "in trust for" child cases, the beneficiary should usually be the "Estate of [the child's name]" (not applicable in Quebec — see Additional Requirements).</li></ul>	Don't name a successor owner since a trust will never die.	<ul style="list-style-type: none"><li>For owner, as specified in the trust agreement<ul style="list-style-type: none"><li>If there are multiple trustees, the trust agreement should specify how many trustees must sign. If it doesn't specify, then all trustees must sign the application.</li></ul></li><li>Annuitant, unless under 16 years old (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the annuitant</li></ul>	<ul style="list-style-type: none"><li>Trust agreement/declaration of trust</li><li><a href="#">Corporate and Non-individual Identity Verification-Online Transactions (Advisor login required)</a></li></ul> <div> <b>Note:</b> In Quebec, it must be a formal trust, as the concept of an informal trust doesn't exist.</div>
Non-incorporated organization (e.g., non-incorporated church, charity, association, or non-profit organization)	<ul style="list-style-type: none"><li>Typically, a signing officer of the organization</li><li>Consider naming a successor annuitant.</li></ul>	Usually the owner (i.e., the organization) will be named as the beneficiary so that if the annuitant dies, the proceeds are paid to the owner.	Don't name a successor owner since the organization will never die.	<ul style="list-style-type: none"><li>For owner, as specified in the supporting documentation<ul style="list-style-type: none"><li>Signature of the persons authorized to sign on behalf of the organization</li></ul></li><li>Annuitant, unless under 16 years old (18 in Quebec), in which case the parent/guardian/tutor may sign on behalf of the annuitant</li></ul>	<ul style="list-style-type: none"><li>Copy of the documentation that gives the signing officers the signing/investment authority (that is, the resolution signed by the board of directors or minutes of meeting where officers were named), plus a copy of the charter documents (e.g., articles of association, etc.)</li><li><a href="#">Corporate and Non-individual Identity Verification-Online Transactions (Advisor login required)</a></li></ul>

\*For Joint Life income option situations, see the charts on pages 90-96.  
\*\*For non-personal owners, you must comply with any applicable investment restrictions (whether internal or legal).



RRSP/RRIF/Annuity/TFSA/RESP

Plan type	Owner and annuitant	Spousal contributor	Beneficiary	Successor owner	Signatures required on application	Additional requirements
Individual RRSP/RRIF	Owner and annuitant must always be the same person	Not applicable	<ul style="list-style-type: none"><li>Whoever the owner wants to name; however, the owner shouldn't be the beneficiary</li><li>If a minor is named, the owner may want to appoint a trustee so that payment can be made promptly on death (not applicable in Quebec — see “Trusts for minor/disabled beneficiaries” on <a href="#">page 36</a> for more information).</li><li>If someone is signing on behalf of the owner under a power of attorney, or committee ship, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to decide who should receive the death benefit. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<ul style="list-style-type: none"><li>Not applicable for RRSPs and RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.</li><li>For some RRSP contracts, if a spouse is named as successor annuitant, the spouse must also be named as the sole primary beneficiary. In this case, the spouse can receive the death benefit for the contract or continue the contractual benefits in a new RRSP or RRIF contract. See RRSP and all locked-in RRSP contracts on <a href="#">page 15</a> for more details.</li><li>Some RRIF contracts permit a spouse to be named as successor annuitant. In this case, the spouse also becomes the successor owner. See RRIF and all locked-in RRIF contracts on <a href="#">page 14</a> for more details.</li></ul>	Owner/annuitant (or attorney, committee, curator, tutor, or guardian on behalf of the owner/annuitant)	<ul style="list-style-type: none"><li>If someone is signing on the owner's behalf, a copy of power of attorney, committee ship, curatorship, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary, when permitted.</li></ul>
Spousal RRSP/RRIF	<ul style="list-style-type: none"><li>Owner and annuitant must always be the same person</li><li>Owner and annuitant is the spouse who's not the contributor</li></ul> <p><b>Note:</b> Withdrawals will be reported to the owner/annuitant as taxable, though tax liability may belong to the contributor spouse.</p>	Spouse who makes contributions and is tax receipted for those contributions  <b>Note:</b> The spousal contributor has no ownership rights.	<ul style="list-style-type: none"><li>Typically, the spouse (the spousal contributor), although it can be whoever the owner wants to name, other than the owner.</li><li>If a minor is named, the owner may want to appoint a trustee so that payment can be made promptly on death (not applicable in Quebec — see “Trusts for minor/disabled beneficiaries” on <a href="#">page 36</a> for more information).</li><li>If someone is signing on behalf of the owner under a power of attorney, or committee ship, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to decide who should receive the death benefit. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<ul style="list-style-type: none"><li>Not applicable for RRSPs and RRIFs. On the death of the owner/annuitant, the contract terminates, and the proceeds are paid to the named beneficiary.</li><li>For some RRSP contracts, if a spouse is named as successor annuitant, the spouse must also be named as the sole primary beneficiary. In this case, the spouse can receive the death benefit for the contract or continue the contractual benefits in a new RRSP or RRIF contract. See RRSP and all locked-in RRSP contracts on <a href="#">page 15</a> for more details.</li><li>Some RRIF contracts permit a spouse to be named as successor annuitant. In this case, the spouse will also become the successor owner. See RRIF and all locked-in RRIF contracts on <a href="#">page 14</a> for more details.</li></ul>	Owner/annuitant (or attorney, committee curator, tutor, or guardian on the owner/annuitant's behalf)	<ul style="list-style-type: none"><li>If someone is signing on the owner's behalf, a copy of power of attorney, committee ship, curatorship, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary, when permitted.</li></ul>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

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- Not specified – assumed to be jointly, therefore, all must sign.

See [page 32](#), “Insurance and persons acting in a representative capacity (powers of attorney)” for further information on legal representatives.

RRSP/RRIF/Annuity/TFSA/RESP

Plan type	Owner and annuitant	Spousal contributor	Beneficiary	Successor owner	Signatures required on application	Additional requirements
Locked-in RRSP, LIRA, RLSP, LIF, LRIF, RLIF, PRIF	Owner and annuitant must always be the same person	Not applicable	<ul style="list-style-type: none"><li>Should be someone other than the owner</li><li><b>Note:</b> The owner can name anyone; however, if there's a spouse (as defined in the applicable pension legislation) at the time of death, the death benefit is usually required to be paid to the spouse.</li><li>If a minor is named, the owner may want to appoint a trustee so that payment can be made promptly on death (not applicable in Quebec — see “Trusts for minor/disabled beneficiaries” on <a href="#">page 36</a> for more information).</li><li>If someone is signing on behalf of the owner under a power of attorney, or committeeeship, curatorship, or guardianship order, or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to decide who should receive the death benefit. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	<ul style="list-style-type: none"><li>Not applicable for locked-in RRSPs and locked-in RRIFs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.</li><li>For some locked-in RRSP contracts, if a spouse is named as successor annuitant, the spouse must also be named as the sole primary beneficiary. In this case, the spouse can receive the death benefit for the contract or continue the contractual benefits in a new RRSP or RRIF (or locked-in RRSP or RRIF, depending on the applicable pension rules) contract. See RRSP and all locked-in RRSP contracts on <a href="#">page 15</a> for more details.</li><li>Some LIF, LRIF, RLIF, or PRIF contracts permit a spouse to be named as successor annuitant. In this case, the spouse can receive the death benefit for the contract or continue the contractual benefits in a new RRSP or RRIF (or locked-in RRSP or RRIF, depending on the applicable pension rules) contract. See RRIF and all locked-in RRIF contracts on <a href="#">page 14</a> for more details.</li></ul>	Owner/annuitant (or attorney, committee curator, tutor, or guardian on the owner/annuitant's behalf)	<ul style="list-style-type: none"><li>Locking-in instructions from the previous carrier or pension plan</li><li>Spousal consent or waiver is usually needed for a LIF, LRIF, or PRIF.</li><li>If someone is signing on the owner's behalf, a copy of power of attorney, committeeeship, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary, when permitted.</li></ul>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

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RRSP/RRIF/Annuity/TFSA/RESP

Plan type	Owner and annuitant	Spousal contributor	Beneficiary	Successor holder	Signatures required on application	Additional requirements
TFSA	Owner and annuitant must always be the same person	Not applicable	<ul style="list-style-type: none"><li>Whoever the owner wishes to name however, the owner shouldn't be named as beneficiary</li><li>If a minor is named, the owner may want to appoint a trustee so that payment can be made promptly on death (not applicable in Quebec — see “Trusts for minor/disabled beneficiaries” on <a href="#">page 36</a> for more information).</li><li>If someone is signing on behalf of the owner under a power of attorney or committeehip, curatorship, or guardianship order or as tutor, it's Manulife's position that a person acting in a representative capacity may not have the authority to decide who should receive the death benefit. See “Insurance and persons acting in a representative capacity (powers of attorney)” on <a href="#">page 32</a> for a detailed explanation.</li></ul>	If the spouse is named as successor holder or sole beneficiary of the TFSA contract, on the death of the owner/annuitant the contract will continue and the spouse will automatically become owner of the contract unless the spouse elects to take the death benefit payment instead. See TFSA contracts (successor planholder) on <a href="#">page 13</a> for more details.	Owner/annuitant (or attorney, committee, curator, tutor, or guardian on behalf of the owner/annuitant)	<ul style="list-style-type: none"><li>If someone is signing on the owner's behalf, a copy of power of attorney, committeehip, curatorship, or guardianship order, or proof of tutorship is required (a power of attorney for banking or personal care isn't sufficient).</li><li>Copy of the owner's will if an attorney, committee, curator, tutor, or guardian is designating a named beneficiary, when permitted.</li></ul>

Plan type	Subscriber	Joint subscriber	Contract beneficiary	Student beneficiary	Successor subscriber	Signatures required on application	Additional requirements
RESP	<ul style="list-style-type: none"><li>The person who enters into the RESP with the promoter</li><li>Subscriber is also the annuitant</li><li>For individual plans where the public primary caregiver is the subscriber, the student beneficiary is the annuitant</li></ul>	<ul style="list-style-type: none"><li>Must be the subscriber's spouse or common-law partner</li><li>Joint subscriber, if applicable, is the successor annuitant</li></ul>	Legislation requires that the RESP be the beneficiary of the contract. On the death of the last surviving annuitant, the RESP receives the death benefit.	<ul style="list-style-type: none"><li>Person entitled to receive educational assistance payments</li><li>Must be a resident of Canada and have a Social Insurance Number</li><li>For individual plans, only one student beneficiary may be named — no age restrictions.</li><li>For family plans, each student beneficiary must be related to the subscribers and be under age 21 when designated.</li></ul>	The successor subscriber can be any individual that the subscribers choose. See “RESP contracts (successor subscriber)” on <a href="#">page 15</a> for more details.	All subscribers must sign.	<ul style="list-style-type: none"><li>For public primary caregiver and other non-individual subscribers, sign in accordance with supporting documentation (e.g., corporate resolution, will, trust agreement)</li></ul>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

Multiple attorneys/committees/curators/guardians. If the respective document specifies:

- Jointly – all must sign
- Jointly and severally – any or all may sign
- Not specified – assumed to be jointly, therefore, all must sign.

See [page 32](#), “Insurance and persons acting in a representative capacity (powers of attorney)” for further information on legal representatives.

Single owner

Owner	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death of annuitant or owner	Issues
Single owner who's also the annuitant	Owner	None named	Not applicable	Spouse	<ul style="list-style-type: none"><li>If the annuitant/owner dies, the contract ends and the proceeds are paid to the spouse.</li></ul> <p>💰 Taxable disposition – Tax slips would be issued to the owner and any gain would be taxable on the owner's final tax return.</p>	If the contract continued on the owner's death and ownership transferred to the spouse (e.g. if the spouse was named as successor owner and successor annuitant), this wouldn't be a taxable disposition, as ownership would transfer at cost. However, the death benefit guarantee wouldn't apply until the death of the last annuitant.
Single owner who's also the annuitant	Owner	Spouse	None named	Child	<ul style="list-style-type: none"><li>If the annuitant/owner dies, the contract continues and the spouse becomes the new annuitant. Since a successor owner wasn't named, ownership of the contract is assumed by the owner's estate. The child remains the beneficiary unless changed by the new owner.</li></ul> <p>💰 Taxable disposition – Tax slips would be issued to the owner and any gain may be taxable on the owner's final tax return, depending on estate distribution.</p>	The death benefit guarantee won't apply on the death of the annuitant/owner. Since a successor owner was not named, probate may be required. Any withdrawal of funds by the owner's estate will be subject to charges, if applicable.
Single owner who's also the annuitant	Owner	Spouse	Spouse	Child	<ul style="list-style-type: none"><li>If the annuitant/owner dies, the contract continues and the spouse becomes the new annuitant. Since the spouse is also named as successor owner, the spouse assumes ownership of the contract. The child remains the beneficiary unless changed by the new owner.</li></ul> <p>💰 Not a taxable disposition – Ownership of the investment transfers at cost.</p>	The death benefit guarantee won't apply on the death of the annuitant/owner. Any withdrawal of funds by the successor owner will be subject to charges, if applicable.
Single owner who's different from the annuitant	Child	Spouse	Spouse	Owner	<ul style="list-style-type: none"><li>If the annuitant dies, the contract continues, and the spouse becomes the new annuitant. The spouse doesn't assume ownership of the contract because the owner is still alive.</li></ul> <p>💰 Not a taxable disposition</p> <ul style="list-style-type: none"><li>If the owner of the contract dies before the annuitant, the annuitant stays the same and the spouse becomes the new owner.</li></ul> <p>💰 Not a taxable disposition – Ownership of the investment transfers at cost.</p> <ul style="list-style-type: none"><li>If both the original annuitant and the owner die, the spouse becomes the new owner and annuitant.</li></ul> <p>💰 Not a taxable disposition – Ownership of the investment transfers at cost.</p>	The death benefit guarantee won't apply on the death of the owner or on the death of either the child or the spouse, but rather only on the death of both the spouse and the child. Any withdrawal of funds by the successor owner will be subject to charges, if applicable.

\*For Joint Life income option situations, see the charts on [pages 90-96](#).



Multiple owners







Owner	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death of annuitant or owner	Issues
Multiple owners <sup>1</sup> (spouses), where one owner is named as the annuitant and ownership is held jointly with right of survivorship (or undivided co-ownership in Quebec) <sup>2</sup>	Spouse A	None named	None should be named  📍 In Quebec: Spouse A would be designated as subrogated policyholder of spouse B	Spouse B	<ul style="list-style-type: none"><li>If the annuitant/owner (spouse A) dies before the non-annuitant/owner (spouse B), the contract ends, and the proceeds are paid to spouse B as beneficiary. 💰 Taxable disposition – Tax slips would be issued to both spouses. Spouse A's gain would be taxable on their final tax return and spouse B's gain would be taxable on their tax return.</li><li>If the non-annuitant/owner (spouse B) dies before the annuitant/owner (spouse A), the contract continues, and spouse B's share is assumed by spouse A as joint owner (or as subrogated policyholder in Quebec). 💰 Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>	The choice of annuitant is important because the death benefit guarantee will only apply on the annuitant's death. Any withdrawal of funds will be subject to charges, if applicable.
Multiple owners <sup>1</sup> (spouses), where one owner is named as the annuitant and one as successor annuitant and ownership is held jointly with right of survivorship (or undivided co-ownership in Quebec) <sup>2</sup>	Spouse A	Spouse B	None should be named as the surviving owner is automatically the successor owner  📍 In Quebec: Spouse A names spouse B as subrogated policyholder for their portion and spouse B names spouse A as subrogated policyholder for their portion	Children	<ul style="list-style-type: none"><li>If spouse A dies first, spouse B becomes the annuitant and assumes full ownership of the contract. 💰 Not a taxable disposition – Ownership of the investment transfers at cost.</li><li>If Spouse B dies first, the contract continues and spouse A assumes full ownership of the contract. 💰 Not a taxable disposition – Ownership of the investment transfers at cost.</li><li>The children remain as beneficiaries unless otherwise changed.</li></ul>	The death benefit guarantee won't apply until both spouses die. Any withdrawal of funds by either spouse will be subject to charges, if applicable.
Multiple owners <sup>1</sup> (spouses), where neither of the owners is the annuitant and ownership is held jointly with right of survivorship (or undivided co-ownership in Quebec) <sup>2</sup>	Child	None named	Consider naming a successor owner in case both owners die before the annuitant  <b>Note:</b> A successor owner designation on this type of contract set-up would need to specify that it only comes into effect if both owners predecease the annuitant.  📍 In Quebec: Spouse A names spouse B as subrogated policyholder for their portion and spouse B names spouse A as subrogated policyholder for their portion	Both spouses	<ul style="list-style-type: none"><li>If either owner dies, ownership of that owner's share is assumed by the remaining joint owner. 💰 Not a taxable disposition – Ownership of the investment transfers at cost</li><li>If the annuitant dies, the contract ends, and the proceeds are paid to the surviving owner as beneficiary. 💰 Taxable disposition – Tax slips would be issued to both spouses. Any gain would be taxable on each spouse's tax return.</li></ul>	The death benefit guarantee won't apply on the death of either spouse, but rather only on the death of the child. Any withdrawal of funds will be subject to charges, if applicable.

<sup>1</sup> The *Civil Code of Quebec* doesn't recognize either joint ownership with right of survivorship or tenants in common. In Quebec, subrogated policyholders may be appointed to achieve a result similar to joint ownership with right of survivorship. If no subrogated policyholder is named, the effect of the law in Quebec is similar to a tenants in common arrangement.

<sup>2</sup> When owners are spouses the *Income Tax Act* (Canada) requires the investment to be taxed in proportion to each spouse's financial contribution. It's up to the owners of the contract to track each party's financial contribution to the contract and to file their income tax returns accordingly.

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

Multiple owners

Owner	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death of annuitant or owner	Issues
Multiple owners <sup>1</sup> owner A and owner B, where one of the owners is the annuitant and ownership is held tenants in common (or undivided co-ownership in Quebec) <sup>2</sup>	Owner A	None named	Owner B's spouse in the event of their death for their share	Owner A's spouse for their share; owner B for their share	<ul style="list-style-type: none"><li>If the owner A dies first, the contract ends, and the proceeds are paid to owner A's spouse and owner B.  Taxable disposition – Tax slips would be issued to owner A and owner B. Any gain would be taxable on owner A's final tax return and owner B's tax return.</li><li>If owner B dies first, the contract continues and ownership of owner B's share of the contract is assumed by their spouse. Owner A retains ownership of their share.  Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>	The choice of annuitant is important because the death benefit guarantee will only apply on the annuitant's death. Any withdrawal of funds will be subject to charges, if applicable.
Multiple owners <sup>1</sup> (owner A and owner B), where one of the owners is the annuitant, the other one is named successor annuitant, and ownership is held tenants in common (or undivided co-ownership in Quebec) <sup>2</sup>	Owner A	Owner B	Owner A's spouse in the event of their death for their share; owner B's spouse in the event of their death for their share	Owner A's spouse for their share; owner B's spouse for their share	<ul style="list-style-type: none"><li>If the annuitant (owner A) dies first, owner B becomes the new annuitant. Owner A's spouse assumes ownership of their share of the contract and owner B retains their share.  Not a taxable disposition – Ownership of the investment transfers at cost.</li><li>If owner B dies first, the contract continues, and owner B's share is assumed by their spouse. Owner A retains ownership of their share.  Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>	The death benefit guarantee won't apply until the death of both owner A and owner B. Any withdrawal of funds will be subject to charges, if applicable.
Multiple owners <sup>1</sup> (owner A and owner B), where neither of the owners is the annuitant and ownership is held tenants in common (or undivided co-ownership in Quebec) <sup>2</sup>	Child	None named	Owner A's spouse for their share; owner B's spouse for their share	Owner A for their share; owner B for their share	<ul style="list-style-type: none"><li>When the annuitant dies, the contract ends, and the proceeds are paid to the owners as beneficiaries.  Taxable disposition – Tax slips would be issued to owner A and owner B. Any gain would be taxable on their tax returns</li><li>If either of the owners dies, the contract continues and ownership of the deceased owner's share is assumed by the respective spouse as successor owner.  Not a taxable disposition – Ownership of the investment transfers at cost.</li></ul>	The death benefit guarantee won't apply on the death of owner A or owner B, but rather only on the death of the child. Any withdrawal of funds will be subject to charges, if applicable.

<sup>1</sup> The *Civil Code of Quebec* doesn't recognize either joint ownership with right of survivorship or tenants in common. In Quebec, subrogated policyholders may be appointed to achieve a result similar to joint ownership with right of survivorship. If no subrogated policyholder is named, the effect of the law in Quebec is similar to a tenants in common arrangement.

<sup>2</sup> Unless indicated otherwise, each owner has an equal share. In these examples, each owner would own 50 per cent of the contract.

\*For Joint Life income option situations, see the charts on [pages 90-96](#).





Non-personal owners

Owner	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death of annuitant or owner	Issues
Corporation; no successor annuitant designated	Officer of the corporation	None named	Not applicable – the corporation can’t die	Corporation	<ul style="list-style-type: none"><li>If the annuitant dies, the contract ends, and the proceeds are paid back to the corporation as the beneficiary.</li></ul> <div>💰 Taxable disposition.</div>	The death of the annuitant will result in a taxable disposition. If the corporation would prefer to avoid the taxable disposition and have the investment continue, then a successor annuitant should be named. However, on the death of the annuitant, any withdrawal of funds will be subject to charges, if applicable. If the corporation needs the funds on the death of the annuitant and wants the death benefit guarantee to apply (i.e., because it’s being wound up), a successor annuitant shouldn’t be named.
Corporation; successor annuitant designated	Officer of the corporation	Second officer of the corporation	Not applicable – the corporation can’t die	Corporation	<ul style="list-style-type: none"><li>If the annuitant dies, the contract continues and the successor annuitant becomes the new annuitant on the contract.</li></ul> <div>💰 Not a disposition and not taxable.</div>	The death benefit guarantee won’t apply on the death of the annuitant of the corporation and won’t trigger a disposition or tax liability. On the death of the annuitant, any withdrawal of funds will be subject to charges, if applicable. If the corporation needs the funds on the death of the annuitant and wants the death benefit guarantee to apply (i.e., because it’s being wound up), a successor annuitant shouldn’t be named.
Non-incorporated organization (e.g., church, charity, association, or non-profit organization); no successor annuitant designated	Board member	None named	Not applicable – the organization can’t die	Organization	<ul style="list-style-type: none"><li>If the annuitant dies, the contract ends and the proceeds are paid back to the organization as the beneficiary.</li></ul> <div>💰 Taxable disposition.</div>	The death of the annuitant will result in a taxable disposition. If the owner would prefer to avoid the taxable disposition and have the investment continue, then a successor annuitant should be named. However, any withdrawal of funds will be subject to charges, if applicable.
Non-incorporated organization (e.g., church, charity, association, or non-profit organization); successor annuitant designated	Board member	Second board member	Not applicable – the organization can’t die	Organization	<ul style="list-style-type: none"><li>If the annuitant dies, the contract continues and the successor annuitant becomes the new annuitant on the contract.</li></ul> <div>💰 Not a disposition and not taxable.</div>	The death benefit guarantee won’t apply on the death of the board member and won’t trigger a disposition or tax liability. However, any withdrawal of funds will be subject to charges, if applicable.
Trust/estate	Usually the trust/estate beneficiary or the settlor, depending on the terms of the trust or will	May or may not be appropriate	Not applicable – the trust/estate can’t die	Normally the trust/estate — may be named individuals if in accordance with the trust agreement or will	<ul style="list-style-type: none"><li>If the annuitant dies and no successor annuitant is named, the contract ends and the proceeds are paid back to the trust/estate or to the individuals named as the beneficiaries</li></ul> <div>💰 Taxable disposition.</div> <ul style="list-style-type: none"><li>If the annuitant dies and a successor annuitant is named, the contract continues and the successor annuitant becomes the new annuitant on the contract.</li></ul> <div>💰 Not a disposition and not taxable.</div>	<p>It’s important that the contract provisions be consistent with the terms of the will or trust. All trust and estate-owned contracts must be reviewed by Manulife. We can help you determine if a successor annuitant designation is appropriate.</p> <p>If there is no successor annuitant named, then the death of the annuitant will result in a taxable disposition. If the owner would prefer to avoid the taxable disposition and have the investment continue, then a successor annuitant should be named. However, any withdrawal of funds will be subject to charges, if applicable.</p>

\*For Joint Life income option situations, see the charts on [pages 90-96](#).

RRSP/RRIF/TFSA/Annuity

Plan type	Owner <sup>1</sup>	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death
RRSP	Spouse A	Spouse A	Spouse B	Not applicable for RRSPs. On the death of the owner/annuitant, the contract terminates, and the proceeds are paid to the named beneficiary.	Spouse B  <b>Note:</b> For RRSPs with the successor annuitant option, spouse A must name spouse B as the successor annuitant, and sole beneficiary.	<ul style="list-style-type: none"><li>If spouse A dies, the contract ends and the proceeds are paid to spouse B. Spouse B will have the option to receive the death benefit for the contract, or continue the contractual benefits in a new RRSP or RRIF.</li><li> Spouse B may elect to transfer the death benefit amount to their RRSP, RRIF or qualifying annuity. The transferred amount won't be included in spouse A's income at the time of death; spouse B would receive a tax slip and then be able to claim a corresponding deduction. Otherwise, tax slips would be issued to spouse A for the value at date of death.</li></ul>
RRIF on first death	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights.	Whomever the owner wishes to name	<ul style="list-style-type: none"><li>If spouse A dies, spouse B will continue the contract as owner and continue the original RRIF payments.</li><li> Tax slips would be issued to spouse A for amounts paid up to the date of death. Spouse B would receive tax slips for amounts paid after the date of death.</li></ul>

<sup>1</sup> Owner and annuitant must always be the same person.  
\*For Joint Life income option situations, see the charts on [pages 90-96](#).



RRSP/RRIF/TFSA/Annuity

Plan type	Owner <sup>1</sup>	Annuitant	Successor annuitant	Successor owner	Beneficiary	Results on death
RRIF on death of last spouse	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue, and spouse B will automatically become owner of the contract and assume all contractual rights.	Financially dependent child or grandchild less than 18 years old  If a minor is named as beneficiary, the owner may want to appoint a trustee for the minor so that payment can be made promptly on death (not applicable in Quebec — see Trusts for minor/disabled beneficiaries on <a href="#">page 36</a> for more information).	<ul style="list-style-type: none"><li>On the death of the last spouse the contract ends, and the proceeds are paid to the trustee (or the tutor in Quebec) of the child or grandchild. Where a trustee has not been appointed, the proceeds would be paid into court, to a public trustee, or to a court appointed guardian if the beneficiary's province of residence does not recognize a parent as having the authority to act on behalf of a minor child's property.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death. If the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to a term certain annuity to age 18.</div></div>
	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue, and spouse B will automatically become owner of the contract and assume all contractual rights.	Financially dependent child or grandchild by reason of an impairment in physical or mental functions	<ul style="list-style-type: none"><li>On the death of the last spouse, the contract ends, and the proceeds are paid to the child or grandchild. If the child or grandchild is mentally incapacitated, the proceeds are paid to a trustee, if named (or in Quebec, to a tutor or curator). Where a trustee has not been appointed, the proceeds would be paid into court, to a public trustee, or to a court appointed guardian.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death. If the child/grandchild or the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to an RRSP, RRIF, RDSP, or qualifying annuity.</div></div>
	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue, and spouse B will automatically become owner of the contract and assume all contractual rights.	Anyone other than a spouse or financially dependent child or grandchild	<ul style="list-style-type: none"><li>On the death of the last spouse the contract ends, and the proceeds are paid to the beneficiary.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death which would be fully taxable on their final tax return. The beneficiary may receive a tax slip for income earned between the date of death and the settlement date.</div></div>
TFSA	Spouse A	Spouse A	Spouse B as successor holder	Not applicable for TFSAs. On the death of the owner/annuitant, the contract will continue, and spouse B will automatically become owner of the contract and assume all contractual rights unless the spouse elects to take the death benefit payment instead.	Whomever the owner wishes to name	<ul style="list-style-type: none"><li>If spouse A dies and names spouse B as the successor holder or sole beneficiary, at death, the contract will continue and spouse B will automatically become owner of the contract unless spouse B elects to take the death benefit payment instead.</li></ul> <div><div></div><div>Not a taxable disposition. However, if spouse B takes the death benefit payment, they may receive a tax slip for any income earned between the date of death and the settlement date.</div></div>

<sup>1</sup> Owner and annuitant must always be the same person.  
\*For Joint Life income option situations, see the charts on [pages 90-96](#).

Single owner

Owner <sup>1</sup>	Annuitant	Joint Life	Successor owner	Beneficiary	Results on death
Single owner who's also the annuitant	Owner	Spouse	None named	Child	<ul style="list-style-type: none"><li>If the owner/annuitant dies, the spouse would continue the contract as owner and Joint Life on notification of death.<sup>1</sup> Ⓢ Not a taxable disposition – Ownership of the investment transfers at cost.</li><li>The children remain as beneficiaries unless otherwise changed.</li></ul>
Single owner who's also the annuitant	Owner	Spouse	Spouse	Child	<ul style="list-style-type: none"><li>If the owner/annuitant dies, the spouse would continue the contract as owner and Joint Life on notification of death. Ⓢ Not a taxable disposition – Ownership of the investment transfers at cost.</li><li>The children remain as beneficiaries unless otherwise changed.</li></ul>
Single owner who's different from the annuitant	Child	Spouse of child	Child if living, otherwise, spouse of child	Owner	<ul style="list-style-type: none"><li>If the child dies, the contract continues with the child's spouse as Joint Life. The child's spouse doesn't assume ownership of the contract because the owner is still alive. Ⓢ Not a disposition and not taxable.</li><li>If the owner of the contract dies before the child or child's spouse, the annuitant and Joint Life stay the same and the child becomes the new owner. Ⓢ Taxable disposition – Tax slips would be issued to the owner and any gain would be taxable on the owner's final tax return.</li><li>If both the child and the owner die, the child's spouse becomes the new owner and continues the contract as Joint Life. Ⓢ Taxable disposition – Tax slips would be issued to the owner and any gain would be taxable on the owner's final tax return.</li><li>If both the child's spouse and the owner die, the child becomes the new owner and continues the contract as annuitant. Ⓢ Taxable disposition – Tax slips would be issued to the owner and any gain would be taxable on the owner's final tax return.</li></ul>
Non-personal owners (corporation, estate, trust, non-incorporated organization)	Typically, either: <ul style="list-style-type: none"><li>officer of the corporation</li><li>board member</li><li>the trust beneficiary or the settlor, depending on the terms of the trust</li></ul>	Annuitant's spouse	Don't name since non-personal owners will never die	Typically, the beneficiary will be the owner.  See <a href="#">pages 70 and 84</a> , "Non-personal owners," for more information.	<ul style="list-style-type: none"><li>If either the annuitant or Joint Life dies, the contract continues with either the annuitant or Joint Life remaining as the measuring life on the contract. Ⓢ Not a taxable disposition</li><li>On the death of the last surviving annuitant or Joint Life, the contract will end and the death benefit will be paid to the beneficiary. Ⓢ Taxable disposition – Tax slips would be issued to the owner.</li></ul>

<sup>1</sup> If the owner is either the annuitant or the Joint Life, the surviving spouse will become the owner of the contract, unless otherwise designated.

Multiple owners

Owner	Annuitant	Joint Life	Successor owner	Beneficiary	Results on death
Multiple owners <sup>1</sup> (spouses); ownership held jointly with right of survivorship (or undivided co-ownership in Quebec) <sup>2,3</sup>	Spouse A	Spouse B	<div>None should be named, as surviving owner is automatically the successor owner</div> <div><span>📍</span> In Quebec: Spouse A names spouse B as subrogated policyholder for their portion and spouse B names spouse A as subrogated policyholder for their portion</div>	Child	<div><ul style="list-style-type: none"><li>If spouse A dies first, spouse B assumes full ownership of the contract.<div><span>💰</span> Not a taxable disposition – Ownership of the investment transfers at cost.</div></li><li>If spouse B dies before spouse A, the contract continues and spouse A assumes full ownership of the contract.<div><span>💰</span> Not a taxable disposition – Ownership of the investment transfers at cost.</div></li><li>The child remains as beneficiary unless otherwise changed.</li></ul></div>

<sup>1</sup> The *Civil Code of Quebec* doesn't recognize either joint ownership with right of survivorship or tenants in common. In Quebec subrogated policyholders may be appointed to achieve a result similar to joint ownership with right of survivorship. If no subrogated policyholder is named, the effect of the law in Quebec is similar to a tenants in common arrangement.

<sup>2</sup> When owners are spouses, the *Income Tax Act* (Canada) requires the investment to be taxed in proportion to each spouse's financial contribution. It's up to the owners of the contract to track each party's financial contribution to the contract and to file their income tax returns accordingly.

<sup>3</sup> Unless indicated otherwise, each owner has an equal share. In these examples, each owner would own 50 per cent of the contract.



RRSP/RRIF/TFSA/Annuity

Plan type	Owner <sup>1</sup>	Annuitant	Joint Life	Successor owner	Beneficiary	Results on death
RRSP	Spouse A	Spouse A	Spouse B	Not applicable for RRSPs. On the death of the owner/annuitant, the contract terminates and the proceeds are paid to the named beneficiary.	Spouse B <b>Note:</b> For RRSPs with the Joint Life income option, spouse A must name spouse B as the Joint Life and sole beneficiary.	<ul style="list-style-type: none"><li>If spouse A dies, the contract ends and the proceeds are paid to spouse B. Spouse B will have the option to receive the death benefit for the contract or continue the guaranteed income and contractual benefits in a new RRSP or RRIF.</li><li>💰 Spouse B may elect to transfer the entire death benefit amount to their RRSP, RRIF, or qualifying annuity. The transferred amount won't be included in spouse A's income at the time of death; spouse B would receive a tax slip and be able to claim a corresponding deduction. Otherwise, tax slips would be issued to spouse A for the value at date of death.</li></ul>
RRIF, on first death	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights.	Whoever the owner wishes to name	<ul style="list-style-type: none"><li>If spouse A dies, spouse B will continue as the contract owner and continue the original RRIF payments.</li><li>💰 Tax slips would be issued to spouse A for amounts paid up to the date of death. Spouse B would receive tax slips for amounts paid after the date of death.</li></ul>

<sup>1</sup> Owner and annuitant must always be the same person

RRSP/RRIF/TFSA/Annuity

Plan type	Owner <sup>1</sup>	Annuitant	Joint Life	Successor owner	Beneficiary	Results on death
RRIF, on death of last spouse	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights.	Financially dependent child or grandchild less than 18 years old  If a minor is named as beneficiary, the owner may want to appoint a trustee for the minor so that payment can be made promptly on death (not applicable in Quebec — see Trusts for minor/disabled beneficiaries on <a href="#">page 36</a> for more information).	<ul style="list-style-type: none"><li>On the death of the last spouse, the contract ends and the proceeds are paid to the trustee (or the tutor in Quebec) of the child or grandchild. Where a trustee hasn't been appointed, the proceeds would be paid to the court, to a public trustee, or to a court-appointed guardian if the beneficiary's province of residence doesn't recognize a parent as having the authority to act on behalf of a minor child's property.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death. If the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to a term certain annuity to age 18.</div></div>
	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights.	Child or grandchild who's financially dependent because of an impairment in physical or mental functions	<ul style="list-style-type: none"><li>On the death of the last spouse, the contract ends and the proceeds are paid to the child or grandchild. If the child or grandchild is mentally incapacitated, the proceeds are paid to a trustee, if named (or in Quebec, to a tutor or curator). Where a trustee hasn't been appointed, the proceeds would be paid to the court, to a public trustee, or to a court-appointed guardian.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death. If the child/grandchild or the child's/grandchild's legal representative elects, a tax-deferred rollover is available for part or all of the death proceeds contributed to an RRSP, RRIF, RDSP, or qualifying annuity.</div></div>
	Spouse A	Spouse A	Spouse B	Not applicable for RRIFs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights.	Anyone other than a spouse or financially dependent child or grandchild	<ul style="list-style-type: none"><li>On the death of the last spouse, the contract ends and the proceeds are paid to the beneficiary.</li></ul> <div><div></div><div>Tax slips would be issued to the last spouse to die for the value at date of death, which would be fully taxable on that spouse's final tax return. The beneficiary may receive a tax slip for income earned between the date of death and the settlement date.</div></div>
TFSA	Spouse A	Spouse A	Spouse B	Not applicable for TFSAs. On the death of the owner/annuitant, the contract will continue and spouse B will automatically become owner of the contract and assume all contractual rights unless the spouse elects to take the death benefit payment instead.	Whomever the owner wishes to name	<ul style="list-style-type: none"><li>If spouse A dies and names spouse B as Joint Life, at death, the contract will be automatically continued.</li></ul> <div><div></div><div>Not a taxable disposition.</div></div>

<sup>1</sup> Owner and annuitant must always be the same person

# Glossary of key terms

To save you time, we’ve provided this glossary for your convenience. Here are some technical terms found in this guide.

### Annuitant

The annuitant is the measuring life of the contract. Unless a successor annuitant or Joint Life is named and living, the contract terminates on the death of the annuitant. The annuitant can be the owner or whoever the owner designates.

### Annuity

An annuity is an individual contract of life insurance that makes a fixed sum payable at specified intervals over a chosen period (such as the annuitant’s lifetime) in return for the premium (deposit) paid.

### Beneficiary

The beneficiary is the designated individual or entity who’ll receive the death benefit on the death of the last surviving annuitant, or the death of both the annuitant and the Joint Life, if applicable. The owner may change or revoke the beneficiary. However, if the beneficiary is irrevocable, the owner may only change or revoke the beneficiary with the beneficiary’s consent.

### Death benefit

The death benefit is the amount payable to the beneficiaries on the death of the last surviving annuitant, or on the death of both the annuitant and the Joint Life, if applicable. For segregated fund contracts, the death benefit is equal to the greater of the death benefit guarantee and the market value at the time of death.

### Death benefit guarantee

The death benefit guarantee is the guaranteed minimum amount that’s payable on the death of the last surviving annuitant, or on the death of both the annuitant and the Joint Life, if applicable. This can apply to segregated fund contracts.

### Family class beneficiary

In provinces other than Quebec, a family class beneficiary would be any of the spouse, child, grandchild, or parent of the annuitant. In Quebec, a family class beneficiary would be any of the married or civil union spouse, descendants, or ascendants of the owner.

### Guaranteed interest account (GIA)

A GIA is a deferred annuity contract that provides an investment option with guaranteed interest terms.

### Holograph will

This is a handwritten will signed only by the testator. A typed will or fill-in-the-blanks will doesn’t qualify as a holograph will. Holograph wills can be problematic if the instructions aren’t clear. Furthermore, some provinces don’t recognize holograph wills or have different signing requirements. Be careful with this type of will.

### Income Tax Act

This refers to the *Income Tax Act* (Canada) as of the date of publication, unless otherwise stated.

### Insurance investment contract

This collectively refers to segregated fund contracts, GIAs, and annuities.

### Irrevocable beneficiary

An irrevocable beneficiary is designated by the owner and can’t be removed without the beneficiary’s consent. With an irrevocable beneficiary designation, the owner’s rights will be restricted. Among other things, the owner won’t be able to change the beneficiary designation, change the owner, assign the contract as collateral for a loan, make a withdrawal, or surrender the contract without the irrevocable beneficiary’s consent.

### Joint Life

The Joint Life is a person whose life is used in the Joint Life income option calculation. The Joint Life must be the annuitant’s spouse, as defined by the *Income Tax Act* (Canada) at the time of choosing the Joint Life income option. Only one person can be named as the Joint Life and can’t be changed.

### Joint Life income option

For Joint Life income option contracts, it’s a guaranteed income stream based on the lives of the annuitant and the Joint Life.

### Maturity guarantee

This is the guaranteed minimum amount payable on the contract maturity date — applicable to segregated fund contracts.

### Notarial will (Quebec)

A notarial will is made before a notary, *en minute*, in the presence of a witness, or two witnesses in certain cases. The notary keeps the original and files a report with La Chambre des notaires du Québec.

### Non-personal owners

Non-personal owners aren’t human beings — for example, corporations, trusts, charities, and non-incorporated organizations.

### Owner

The owner is an individual or entity that legally owns the contract.

### Segregated fund contract

A segregated fund contract is a variable annuity contract that provides certain contractual rights and benefits to the contractholder. The value of a segregated fund contract may vary depending on the market value of the group of assets (segregated fund) the premium (deposit) is allocated to.

### Settlor

The settlor is the individual who creates the trust, by contributing property to it, and establishes the terms of the trust in the trust document.

### Single Life income option

For Single Life income option contracts, it’s a guaranteed income stream based on the life of the annuitant and is not eligible to continue after the annuitant’s death.

### Spouse

A spouse is someone married to another person or living in a common-law relationship with a partner, depending on the applicable legislation. In Quebec, this can also include a civil union partner.

### Successor annuitant

If available, the owner may appoint a successor annuitant. In the event of the primary annuitant’s death, the contract continues and the successor annuitant becomes the primary annuitant, provided that the successor annuitant is living. The appointment of a successor annuitant must be made before the primary annuitant’s death. A previously appointed successor annuitant can be changed or removed by the owner at any time before the primary annuitant’s death.

### Successor owner

If applicable, the owner may appoint one or more successor owners. On the owner’s death, ownership of the contract will transfer to the successor owners unless the owner was the sole annuitant, in which case the contract ends and the death benefit is paid to the beneficiaries. In Quebec, a successor owner is known as the subrogated policyholder.

### Testamentary disposition

A testamentary disposition is a disposition of property that arises on and because of the death of the grantor (the person who’s transferring the property).

### Testator

The testator is the person making the will.

### Top-up

For Manulife segregated fund contracts, if the maturity guarantee or death benefit guarantee is greater than the market value at maturity or death, Manulife will deposit the difference into the contract. This deposit is referred to as a top-up.

### Unscheduled withdrawal

This is a one-time withdrawal over and above any scheduled withdrawals.



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