Manulife Investment Management

Product guide

Manulife Investments GIC

For deposits made up to November 13, 2020

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

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What is a Manulife Investments GIC?

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

The Manulife Investments GIC offers the following registration types:

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

The GIC account investment options include:

- Daily interest account
- Basic account (cashable)
- Basic non-cashable account
- Laddered account
- Escalating rate account

Registration type availability summary:

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

Note: not all investment accounts are available in all registration types (see chart above)

Features and benefits

Manulife Investments GIC features

Greater choice and flexibility

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

Advisor rate discretion

If desired, increase posted term rates with a corresponding reduction in commissions without prior head office approval (not available for the daily interest account, or for terms greater than 10 years).

Half year rate bonuses

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

Cashability

Early cashing privileges allow investors access to their money in basic account (cashable), laddered account and escalating rate account in the event of an emergency or for other investment opportunities, subject to possible surrender charges (for details refer to section on surrender charges).

Insurance company benefits

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

Estate planning advantages:

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

Creditor protection potential:

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

Tax advantages for non-registered contracts:

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

Member of assuris:

Assuris is a not for profit corporation, funded by the life insurance industry, that protects Canadian policyholders against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris' protection are available at assuris.ca or in their brochure, which can be obtained from your advisor, life insurance company or Assuris from info@assuris.ca or by calling 1 866 878 1225.

General contract overview

Contract minimum

- $2,500 per contract ($5,000 for the escalating rate, and five-year laddered account; $10,000 for the 10-year laddered account)

Supplementary purchase minimum

- $1,000 for basic account (cashable) and basic non-cashable account
- $5,000 for escalating rate account, five-year laddered account
- $10,000 for 10-year laddered account
- No minimum requirement for the daily interest account

Pre-authorized chequing (PAC) minimum

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

Reinvestment defaults

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

- Basic account (cashable), basic non-cashable account and escalating rate account terms, will automatically be reinvested for the same account type, interest option and term length originally selected
- Laddered account terms will be automatically reinvested for a five or 10-year basic account, depending on the original laddered account option selected. Original interest option will also remain the same

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

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

Unscheduled withdrawals

withdrawals from the basic account (cashable), laddered account and escalating rate account are available at any time, but will be subject to possible surrender charges (refer to the section on surrender charges or the charge free withdrawal feature for details). Funds withdrawn on the maturity date of the account are charge free. Withdrawals are available from the daily interest account (DIA) at anytime without charge.

Funds from the basic non-cashable account can only be withdrawn on the maturity date of the account.

A withdrawal cannot cause the total account value to fall below the account minimum. Balances of less than the account minimum, will be transferred to the daily interest account.

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

Withdrawal minimums

$100 minimum withdrawal or entire daily interest account amount (whichever is less).

Maximum issue age

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

RRSP/LIRA/RLSP contract maturity default

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

Non-registered contract maturity

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

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

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

Account options overview

Investment account options

Daily interest account

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

Basic account (cashable)

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

Basic non-cashable account

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

Laddered account

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

Escalating rate account

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

Interest options

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

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

Registered contracts

The only interest option available is compound.

Non-registered and TFSA contracts

All interest options are available.

Scheduled payments

Scheduled payment options

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

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

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

Non-registered and TFSA

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

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

Registration type availability summary:

The payment options available for RRIF/LIF/LRIF/PRIF/ RLIF include:	
Minimum	This option will pay out the legislated RRIF minimum
Level – investor specified amount*	Any fixed amount requested
Indexed – investor specified amount indexed annually*	A requested income amount indexed by a fixed percentage annually
Maximum (LIF, LRIF, RLIF only)	This option will pay out the legislated LIF, LRIF or RLIF maximum for the contract

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

Withdrawal order options for RRIF/LIF/LRIF/RLIF and PRIF

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

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

> **Note:** The amount being funded from a specific account cannot fully deplete the account before maturity.

Tax withholding options for scheduled payments on RRIF/LIF/ LRIF/RLIF/PRIF

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

- Levelized minimum, or
- Investor specified rate

Levelized minimum

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

Note: The tax rate is based on the total excess amount for the year and not the total excess amount applicable to each individual payment. Therefore, the total tax payable for the year of $1,400 is spread across each payment: $1,400/12 or $116.67 per payment. Applying this level amount of tax will provide for equal payments of $883.33 per month ($1,000-$116.67). Any change in payment option, amount, or frequency during the year can result in a change to the level amount of tax withheld.

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

- The investor selects level payments of $1,000 per month
- The total amount to be paid for the year is $12,000 ($1000/month from January to December)
- The difference between the total amount payable for the year of $12,000 and the RRIF minimum, in this case $5,000, is considered to be the excess amount. The excess is $7,000 ($12,000–$5,000). The tax rate applicable to the excess amount would be 20% or $1,400

Client specified rate

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

Quebec residents should select a specified rate for both federal and provincial withholding tax.

Charge-free cash withdrawal feature

Charge-free cash withdrawal for RRIF/LIF/LRIF/PRIF/RLIF

In addition to scheduled payments, investors can withdraw up to 10% of the value of all basic accounts (cashable) and laddered accounts in their contract once per year, to a maximum of $10,000 without charge. Clients can select the accounts from which they would like the funds withdrawn.

Investors can select the accounts from which they would like the funds withdrawn.

Notes:

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

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

Asset transfer feature

Asset transfers

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

Investors have the option to asset transfer their basic account (cashable) and laddered account investments held within their RRSP/LIRA/RLSP contracts to a RRIF/LIF/RLIF/PRIF prior to December 31st of the year they turn age 71.

Initiating transfer requests

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

Transfer RRSP/LIRA/RLSP to RRIF/LIF/RLIF/PRIF

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

What are the requirements?

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

Interest rate information

Interest rates

Manulife Investments GICs offer competitive interest rates. Current rates are available at **manulife.ca**

Half year rate bonus

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

Surrender charges

What are surrender charges?

When investors redeem their money from a basic account (cashable), laddered account or escalating rate account before the maturity date, they could be subject to “surrender charges” made up of a Market Value Adjustment (MVA), and an Expense Recovery (ER).

What is Market Value Adjustment (MVA)?

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

A negative MVA can only offset the expense recovery charge to zero.

What is Expense Recovery (ER)?

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

Calculating surrender charges

The following formula is used for calculating surrender charges:
Market value adjustment (MVA) formula: MVA = A × T × (C – G)
Expense recovery (ER) formula: ER = A × T × 1%
Total surrender charges (SC) formula: SC = MVA + ER

A = Accumulated value or amount redeemed

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

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

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

An example

A person invested in a 5-year basic account (cashable) at a guaranteed rate of 4.5%.

With two years (730 days) remaining, the investor wants to surrender their account. The current two-year interest rate for a basic account (cashable) is 5.0%. The value of the account, prior to the redemption is $11,576.25.

MVA
= A × T × (C – G)
= $11,576.25 × (730/365) × (.05 – .045)
= $11,576.25 × 2 × .005
= $115.76

ER
= A × T × 1.0%
= $11,576.25 × (730/365) × .01
= $11,576.25 × 2 × .01
= $231.53

SC
= MVA + ER
= $115.76 + $231.53
= $347.29

Note: For the escalating rate account, the average rate will be used as the guaranteed rate (G) for the account.

Interest calculations

How is interest calculated?

Depending on the interest option selected, Manulife Investment Management calculates interest using either a "compounding daily" interest formula or a "simple interest" formula.

Compound interest

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

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

Using the "compounded daily" formula for a fractional term

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

Assume the following:

- Deposit amount = $1,200
- Deposit date: January 1st, 2006
- Interest option: annual Compound
- Interest rate: 6%
- Maturity Date: June 30th, 2007

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

Number of days/365

Deposit amount × (1 + interest rate)

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

$\$1,200 \times (1.06)^{546/365}$

$\$1,200 \times (1.06)^{1.495890411}$

$\$1,200 \times 1.091075493$

$1,309.29 is the maturity value at June 30th, 2007 (after one year and 181 days)

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

Using the simple interest formula

Simple interest

When a simple interest option is selected (monthly simple, quarterly simple, semi-annual simple or annual simple), Manulife Investment Management calculates interest using a "simple interest" formula. This means the amount of interest earned each day is the same.

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

As an example, assume the following:

- Deposit amount = $2,500
- Deposit date: January 1st, 2006
- Interest option: annual simple
- Interest rate: 6%
- Maturity Date: June 30th, 2006

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

Deposit amount × interest rate ÷ 365 × The number of days

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

$2,500 × .06% ÷ 365 × 181*

$74.38

The amount available on June 30th, 2006 would be the original principal amount of $2,500 plus interest earned of **$74.38** for a total of **$2,574.38** (after 181 days)

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*181 is the # of days between January 1st and June 30th

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

RRIF minimum calculations

There are two types of RRIFs:

Qualified RRIF

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

Non-qualified RRIF

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

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

Qualified RRIF rules

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

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

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

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

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

Note: Both qualified RRIFs and non-qualified RRIFs have the same calculation up to age 70 and after age 78.

LIF/RLIF maximums in the Initial year

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

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

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

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

LIF/RLIF maximums in subsequent years

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

Deposits to an existing LIF/RLIF plan

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

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

LRIF**

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

For Saskatchewan – in the first year of the contract:

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

For Saskatchewan – in the second and subsequent years, annual maximum payment is the greater of:

A. investment earnings for the previous year while in the LRIF

B. the balance at the beginning of the year less the net value of all funds transferred-in over all years (the net value of all funds transferred-in equals the value of all funds transferred-in, including the initial deposit, less the value of all funds transferred out to purchase an annuity, a LIRA or another LRIF)

C. 6% of the contract value at the beginning of the year. This is applicable to the first two years of the contract

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

Prescribed RRIF (PRIF)

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

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

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

How is a PRIF different from a traditional RRIF?

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

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

Client communications

Reinvestment notice

Up to 30 days prior to the maturity date of the account, the client will be notified of the reinvestment through a reinvestment notice mailing. The advisor will be notified through the advisor monthly portfolio report.

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

Contract maturity notice

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

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

Confirmations

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

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

Statements

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

Contract

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

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

Questions

Sales and marketing questions

- Advisors, please contact your Manulife Investment Management sales team
- National accounts advisors: **1 888 666 0882**
- MGAs/Mutual fund dealers: contact your MGA office or your mutual fund dealer office

Administration questions

- All of Canada except Quebec: **1 888 790 4387**
- Quebec advisors: **1 800 355 6776**
- MGAs/Mutual fund dealers: contact your MGA office or your mutual fund dealer office

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