Manulife
Investments

Ideal Segregated Funds
Information Folder

This Information Folder describes benefits that are not guaranteed.

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Operations, Customer Experience

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This document contains the Ideal Segregated Funds Information Folder and Contract provisions. The segregated fund Information Folder is published by The Manufacturers Life Insurance Company (“Manulife Financial”) for information purposes only and is not an insurance contract. Manulife Financial is the issuer of the Ideal Segregated Funds Insurance Contract and the guarantor of any provisions therein.

Important Information about your Ideal Segregated Funds Information Folder

Manulife Investments

On or about October 23, 2017, the information for your Ideal Segregated Funds contract will be transferred to a new administrative system. Although most of your existing provisions remain in effect, there are some changes that are required due to this transfer.

The following is a summary of the changes that come into effect on or about October 23, 2017.

Successor Annuitant

To clarify the Successor Annuitant term, for RRSP, LIRA, LRSP and RLSP plans, the Successor Annuitant must be the Annuitant's spouse or common-law partner as defined by the *Income Tax Act* (Canada) and be named as the sole Beneficiary. If the Contract is still an RRSP upon death of the Annuitant, your spouse or common-law partner will have the option to receive the death benefit for the Contract, or continue to have the contractual benefits in a new RRSP (or RRIF) Contract in his/her name.

Pre-Authorized Debit (PAD) agreement

To clarify, there are no changes to current pre-authorized debit instructions on file. For any new instructions or changes to current instructions, you can make a premium payment by pre-authorized debit on a monthly basis on any date from the 1st to the 28th of the month, or you may specify "the end of the month."

Withdrawal - Retirement Income Payments

To clarify, there are no changes to current payment frequency instructions on file. For new payment instructions or changes to instructions, you can make periodic withdrawals from the contract on a monthly, quarterly, semi-annual or annual basis.

For new retirement income payments for registered plans, or changes to same, the Valuation Date will be several days in advance of the payment day you specify (except if the due date is January 1, where it would be calculated on the following Valuation Date). We will direct the scheduled payment to your bank account for deposit on the day that you specify, according to our current administrative rules. If the day specified is a weekend or other day a bank deposit cannot be made, we will direct the payment to your bank account on the day prior to the day you have specified. Unless you are notified otherwise, the Valuation Date used in the calculation continues to apply to existing payment instructions.

Withdrawal - Free Withdrawals, Registered Retirement Income Plans

Previously, free withdrawals under the back-end load option were not applicable to registered retirement income plans for certain transactions. After the transfer to the new administrative system, free withdrawals will be applicable to registered retirement income plans in the case of transfers to another carrier.

Switches and transfers - Dollar cost averaging

To clarify, there are no changes to current dollar cost averaging instructions on file. For any new instructions or changes to instructions, you can make dollar cost averaging switches on a monthly, quarterly, semi-annual or annual basis on any date from the 1st to the 28th of the month, or you may specify "the end of the month."

Guarantees - Resets (for contracts issued on or before July 15, 2013)

Previously, for no-load with reset option and Platinum no-load option you were able to request a Reset of your Net Premium two times ***per contract year*** until you reach age 70. After the transfer to the new administration system, you can request two Resets ***per calendar year*** until you reach age 70. We will honor both contract year and calendar year resets during 2017 which may result in more than two available resets in 2017.

Amendment to Ideal Segregated Funds Contract

Effective on or about October 23, 2017, the Ideal Segregated Funds contract will be enhanced to provide an additional contractual benefit.

This amendment shall override any provisions of the contract and any prior contract amendments which are inconsistent with it.

Section I – General Provisions

Definitions, continues to apply with the following definition amended as follows (amendments are in ***bold*** and ***italics***):

Successor Annuitant:
A "Successor Annuitant" is appointed by the contractholder and is the person who will automatically become the Annuitant in the event of the death of the Annuitant indicated on the application. ***A Successor Annuitant can be appointed for all plan types with the exception of LIF, LRIF, PRIF or RLIF plans.*** Under such circumstances, the Contract will remain in force and no Death Benefit Guarantee will be payable, ***unless the contract is an RRSP. For RRSP, LIRA, LRSP and RLSP*** plans, the ***Successor Annuitant*** must be the Annuitant's spouse or common-law partner as defined by the *Income Tax Act* (Canada) and be named the sole Beneficiary. ***If the Contract is still an RRSP upon death of the Annuitant, your spouse or common-law partner will have the option to receive the death benefit for the Contract, or continue to have the contractual benefits in a new RRSP (or RRIF) Contract in his/her name.*** For a RIF, only a Spouse or common law partner, as defined by the *Income Tax Act* (Canada), can be named as Successor Annuitant.

Section IV – Registered Retirement Income Plans, Free Withdrawals

Section **IV – Registered Retirement Income Plans, Free Withdrawals**, is amended by deleting the following paragraph in its entirety:

> Free withdrawals are not applicable on any total or partial withdrawals of your registered retirement income plan for the purpose of transferring funds to another carrier.

For more information, please speak with your advisor or visit **manulife.ca/investments**

Manulife Investments

Ideal Segregated Funds Fund Changes

INFORMATION FOLDER, FUND FACTS AND APPLICATIONS ADDENDUM

Effective March 11, 2016 and April 15, 2016, the Ideal Segregated Funds Information Folder, Fund Facts and Applications, are amended to reflect the enclosed fund name changes.

This Addendum forms part of your Information Folder containing important provisions that you should read prior to investing. The Information Folder provides general information for your investment options, including the potential risks of investing in segregated funds. All of the sections of the Information Folder which pertain to the existing funds apply to the funds noted in this Addendum as applicable. This Addendum is not an insurance contract.

This Addendum also forms part of your Fund Facts and Applications.

Segregated fund name changes

Effective March 11, 2016 and April 15, 2016, the names of the following segregated funds will be changed.

Segregated Fund Name	New Segregated Fund Name	Effective Date
Ideal Corporate Bond Fund	Ideal Canadian Corporate Bond Fund	March 11, 2016
Ideal Dividend Income Fund	Ideal Canadian Dividend Income Fund	March 11, 2016
Ideal Global Equity Fund	Ideal Global Equity Unconstrained Fund	March 11, 2016
Ideal U.S. Dividend Growth Fund	Ideal U.S. Dividend Income Fund	March 11, 2016
Ideal Canadian Small Cap Fund	Ideal Growth Opportunities Fund	March 11, 2016
Ideal U.S. Equity Value Fund	Ideal U.S. All Cap Equity Fund	March 11, 2016
Ideal Global Bond Fund	Ideal Strategic Investment Grade Global Bond Fund	April 15, 2016
Ideal International Equity Fund	Ideal World Investment Fund	April 15, 2016

The Manufacturers Life Insurance Company ("Manulife") is the issuer of the Manulife Ideal Segregated Funds insurance contract and the guarantor of any guarantee provisions therein.

If you have any questions about these changes, please contact your advisor or Manulife Investments at Manulife.ca/Investments or call Customer service Centre 1 888 841 6633

Key facts – Ideal Segregated Funds

This summary briefly describes the basic things you should know before you apply for an Individual Variable Insurance Contract. **This summary is not your contract**. A full description of all the features and how they work is contained in the Information Folder and in the Contract. We recommend you review these documents carefully and discuss any questions you have with your advisor.

What am I getting?

You are purchasing an insurance Contract between you and The Manufacturers Life Insurance Company ("Manulife Financial"). It gives you a choice of investments and guarantees.

You can:

- Choose fund(s) to invest in
- Receive a guarantee
- Name a person to receive the Death Benefit Guarantee or continue your Contract upon your death
- Pick a registered or non-registered contract
- Receive regular payments now or later

The choices you make may affect your taxes. They could also affect your guarantees. These choices are explained in the Information Folder or in the Contract. Ask your advisor to help you make these choices.

The value of your Contract can go up or down subject to the guarantees. We recommend that you read the Information Folder and your Contract carefully before you decide to make your purchase.

What guarantees are available?

You get Maturity and Death Benefit Guarantees. These help protect your fund investments.

Any withdrawals you make may reduce your guarantees. For more details, please see section 9 in the Information Folder.

Maturity Benefit Guarantee

This protects the value of your investment at specific dates in the future. Your money must be invested for a minimum of 10 years. For all the conditions of your guarantee, see section 9 in the Information Folder.

On these dates, you will receive the greater of:

- the Contract Value,

  or

- 75% of the Net Premium.

There is a guarantee available for your investment into a RRIF. Please see section 9 for further details.

Please see section 3 in the Information Folder for definitions of Contract Value and Net Premium.

Death Benefit Guarantee

This protects the value of your investment if you die. It is paid to someone you name. The guarantee may be impacted by the age you are at the time you invest your first deposit.

The Death Benefit Guarantee applies if you die before the end of the Contract. It pays the greater of:

- the Contract Value,

  or

- 100% of the Net Premium.

There is a guarantee available for your investment into a RRIF. Please see section 9 for further details.

Please see section 3 in the Information Folder for definitions of Contract Value and Net Premium.

What investments are available?

You can invest in segregated funds.

The segregated funds are described in the *Fund Facts*.

Manulife Financial does not guarantee the performance of segregated funds. Carefully consider your tolerance for risk when you select an investment option.

How much will it cost?

The funds and the premium allocation options you select all affect your costs.

If you invest in funds, you can choose from two sales charge options: back-end load and no-load. For more details see section 7 in the Information Folder.

Fees and expenses are deducted from the segregated funds. They are shown as management expense ratios or MERs in the *Fund Facts* for each fund.

If you make certain transactions or other requests, you may be charged separately for them. These include withdrawals, short-term trading, frequent trading and switching funds.

For more details, see section 12 in the Information Folder.

What can I do after I purchase this Contract?

If you wish, you can do any of the following:

Switches and Transfers

You may switch or transfer from one fund to another. See section 8 in the Information Folder.

Withdrawals

You can withdraw money from your Contract. If you decide to, this may affect your guarantees. You may also need to pay a fee or taxes. See section 7 in the Information Folder.

Premiums

You may make lump-sum or regular payments. See section 6 in the Information Folder.

Annuity

At a certain time, unless you select another option, we will start making payments to you.

Certain restrictions and other conditions may apply. Review the Information Folder and your Contract for your rights and obligations and discuss any questions with your advisor.

What information will I receive about my Contract?

We will tell you once a year the value of your investments and any transactions you have made.

You may request more detailed financial statements of the funds. These are updated at certain times during the year.

Can I change my mind?

Yes, you can:

- cancel the Contract,
- cancel any payment you make, or
- reverse investment decisions.

To do any of these, you must tell us in writing within two Business Days of the earlier of:

- the date you received confirmation, or
- five Business Days after it is mailed.

The amount returned will be the lesser of the amount you invested or the value of the fund if it has gone down. If you cancel, the amount returned will include a refund of any sales charges or other fees you paid.

If you change your mind about a specific fund transaction, the right to cancel only applies to that transaction.

Where can I get more information?

You may call us at **1 888 841-6633** or contact your advisor.

For information about handling issues you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1 800 268-8099 or on the Internet at www.olhi.ca.

For information about additional protection available for all life insurance Contractholders, contact Assuris, a company established by the Canadian life insurance industry. See **www.assuris.ca** for details.

For information about how to contact the insurance regulator in your province visit the Canadian Council of Insurance Regulators website at **www.ccir-ccra.org**.

Certification

The Manufacturers Life Insurance Company certifies that this Information Folder provides brief and plain disclosure of all material facts relating to the variable nature of the Ideal Segregated Funds component under the Ideal Segregated Funds Contract.

Paul Lorentz
Executive Vice President and General Manager Retail
(Individual Life and Wealth Management)
Canadian Division, Manulife Financial

Ingrid Gendreau
Chief Counsel, Retail Markets and Procurement

Table of Contents

1. This Information Folder

This Information Folder is a guide to your Ideal Segregated Funds Contract, a variable insurance contract that can be used to accumulate savings and also provide retirement income. The Information Folder should be read in conjunction with the *Ideal Segregated Funds Fund Facts*, which presents specific information on the Ideal Segregated Funds.

Throughout this Information Folder, any reference made to the Ideal Segregated Funds Contract applies to savings plans (RSP, LIRA, LRSP, RLSP, TFSA and non-registered savings plans) and registered retirement income plans (RIF, LIF, LRIF, RLIF and PRIF). Moreover, any reference made to Ideal Segregated Funds also applies to our Ideal Portfolios.

2. Manulife Financial

The Ideal Segregated Funds Contract is offered by The Manufacturers Life Insurance Company ("Manulife Financial"), a financial institution licensed to transact the business of life insurance and annuities in all ten provinces and three territories of Canada. The Head Office is located at 500 King St. N, Waterloo, Ontario N2J 4C6.

Customer service

Manulife Financial is committed to high customer service standards. As explained in the Contract Provisions, we offer a Six-Month Total Customer Satisfaction Guarantee on all Ideal Segregated Funds.

Manulife Financial and you

In this Information Folder and other documents supporting this product, the terms "we", "us" and "our" refer to Manulife Financial and the terms "you" and "your" refer to the Contractholder (and Additional Contractholder, if applicable).

Ideal Segregated Funds' assets

The assets of the Ideal Segregated Funds are held by Manulife Financial on behalf of all Contractholders. The Ideal Segregated Funds are not separate legal entities. You do not own any of the assets of nor own an interest in the Ideal Segregated Funds. Rather, Units of the selected Ideal Segregated Funds are allocated to your Contract for determining the benefits to which you are entitled. As a result, you do not actually own, buy or sell any part of the Ideal Segregated Funds. For ease of understanding, we may use the terms "acquire", "allocate", "withdraw", "switch" or "transfer" to refer to transactions of Units within your Contract. Some of Manulife Financial's Ideal Segregated Funds invest a substantial portion of their assets in Units of Underlying Funds.

In some cases, Manulife Asset Management Limited, one of our affiliates, may be the investment fund manager of an Underlying Fund. As any amount allocated to an Ideal Segregated Fund is considered to be a premium payment into an Individual Variable Insurance Contract issued by Manulife Financial, Contractholders do not own an interest in the Underlying Fund and are not entitled to any of the rights of the unitholders of the Underlying Fund. The investment objectives of the Underlying Fund cannot be changed unless approved by the unitholders of such fund. In such case, Manulife Financial will advise Contractholders of changes to the fundamental investment objectives of the Underlying Funds.

3. Terms used in this Information Folder

Allocation of Investment Income

A segregated fund does not distribute earnings. The net income is retained in the Fund, thus benefiting Contractholders through changes in the value of their Units. However, as required by law, tax allocations relating to income and realized capital gains and losses of a particular Fund, (if any), must be made to you each year.

Anniversary Date

Anniversary date is the day that is one year after the day immediately preceding the day on which the Contract was issued and each day that occurs at each successive one-year interval, as defined by the *Income Tax Act* (Canada).

Annuitant

The Annuitant is the person insured under the Contract. The Contract is based on the life of the Annuitant, who can be the Contractholder or another person chosen by the Contractholder. If the plan is registered, the Contractholder and the Annuitant must be the same person.

Annuity Commencement Date

In the event that you do not specify a date, for non-registered savings plans the Annuity Commencement Date is the Annuitant's 100th birthday and for registered savings plans it is December 31 of the year in which you reach the legislative age limit for maturing registered savings plans (see section 5 for further details). For Newfoundland and Labrador, LIF monies must be used to purchase an annuity at age 80.

Business Day

This is a day on which the Toronto Stock Exchange (TSX) is open for business.

CLHIA

The Canadian Life and Health Insurance Association Inc. (CLHIA) is the national trade association of life and health insurance companies in Canada.

Contract

This is the individual variable insurance contract issued by Manulife Financial. Your Contract gives you certain guarantees and permits you to allocate premiums to the Ideal Segregated Funds.

Contractholder

A Contractholder refers to the owner of an Individual variable insurance contract.

Contract Value

The Contract Value is the sum of all the Fund Values under your Contract.

Death Benefit Guarantee

This is the amount that is payable upon the death of the Annuitant. (See section 9 for further details).

Fund Value

The Fund Value is the individual Contractholder's total number of Units credited to a Fund multiplied by the corresponding Fund Unit Value established on the Valuation Date coincident with or immediately following the date the Fund Value is determined.

The Fund Value of an Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Ideal Portfolios

The Ideal Portfolios are strategic combinations of underlying Standard Life Mutual Funds. The general objective of each Portfolio is to provide a diversified mix of investments specifically designed to match the investment style of Contractholders with similar investor profiles. To achieve this objective, each professionally designed Portfolio varies the overall mix of fixed income and equity.

Ideal Segregated Fund

This is a segregated fund established by Manulife Financial. In this Information Folder, the word "Fund" refers to an Ideal Segregated Fund.

Individual Variable Insurance Contract (IVIC)

This is an individual contract of life insurance, including an annuity, or an undertaking to provide an annuity, as defined by provincial and territorial insurance statutes and by the Civil Code of Quebec, under which the liabilities vary in amount depending on the Market value of a specified group of assets in a segregated fund and includes a provision in an individual contract of life insurance under which policy dividends are deposited in a segregated fund.

Information Folder

This is the document you are currently reading. It explains an Individual variable insurance contract and segregated funds. It follows the *CLHIA Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds* and the Québec guidelines entitled *la Ligne directrice sur les contrats individuels à capital variable afférents aux fonds distincts*. The Information Folder has been filed with the provincial insurance regulators.

Life Income Fund (LIF)

This is a specific type of registered retirement income fund set up with money from a registered pension plan or the proceeds of a locked-in retirement account or locked-in retirement savings plan. If you are a LIF Contractholder, you must withdraw a minimum amount each year but you cannot withdraw more than what is allowed by a formula set by provincial legislation (which we refer to as the maximum). In Newfoundland and Labrador, on or before December 31 of the year in which you reach 80 years of age, the remaining funds must be used to purchase a life annuity.

Locked-in Retirement Account (LIRA)/ Locked-in RSP (LRSP)

Premium payments can be made to these types of registered retirement savings plans with money transferred from a registered pension plan or another locked-in Registered plan.

Locked-in Retirement Income Fund (LRIF)

Similar to a LIF, an LRIF is a specific type of registered retirement income fund set up with money from a registered pension plan or the proceeds of a locked-in retirement account or locked-in retirement savings plan. LRIF withdrawals are subject to minimum and maximum annual limits. However, the maximum amount payment formula differs from that of a LIF. Moreover, as LRIFs are payable for life, there is no requirement to acquire a life annuity by the end of the year in which you turn 80 years of age. Subject to provincial legislation, any unused withdrawal room may be carried forward for use in future years.

Management Fees

These are fees that an investment firm or insurance company receives in exchange for providing administrative and management services to segregated funds and Contractholders. (See section 12 for details on Ideal Segregated Funds Management Fees).

Market Value

The Market Value of each Ideal Segregated Fund will be determined on a Valuation Date. To determine the Unit Value of each Ideal Segregated Fund for trading purposes, the Market Value of a Fund's assets will be calculated based on the current price of the securities held in the Segregated Fund. Equity securities listed or traded on a stock exchange are valued at the closing price on the recognized stock exchange on which they are listed or principally traded. Equity securities not traded on the Valuation Date will be valued on the basis of the mean between bid and ask prices on that date. Bonds and asset-backed securities are valued on the basis of the median of the bid and ask quotations obtained from one or more recognized investment dealers. For all Ideal Segregated Funds, short-term notes are recorded at Market Value determined by taking the bid quotation from a recognized investment dealer. Investments in other investment funds not traded on a stock exchange are valued based on the Net Asset Value per unit on the Valuation Date. In all other cases, or if we deem that the foregoing calculation methods do not accurately reflect the fair value of an asset, the Market Value will be the fair Market value as determined by us. Valuation for financial statement purposes is as disclosed in the financial statements. The Market Value of each Ideal Segregated Fund will always be determined at least once a month.

Maturity Benefit Guarantee

This is the amount that is payable upon Contract maturity. (See section 9 for further details).

Net Asset Value

The Net Asset Value of each Ideal Segregated Fund is the Market Value of the Fund's assets less its liabilities (including accrued Management Fees and Other Expenses).

Net Premium

The Net Premium is equal to the sum of premiums paid less the sum of proportional reductions for prior withdrawals.

Payout Benefit Guarantee

This is the amount that is guaranteed to be paid as retirement income payments over the lifetime of the Contract (See section 9 for further details).

Portfolio Turnover Rate

An Ideal Segregated Fund's Portfolio turnover rate indicates how actively the Ideal Segregated Fund's portfolio manager manages the investments in the Fund's portfolio. A Portfolio turnover rate of 100 percent is equivalent to the Ideal Segregated Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a Fund's Portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of the Fund receiving taxable capital gains/losses in that year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund. The Portfolio turnover rate for each Fund can be found in the individual Fund Facts.

Pre-Authorized Debit (PAD)

This program allows you to pay regular premiums into your Ideal Segregated Contract through automatic debit from your bank account.

Prescribed Retirement Income Fund (PRIF)

Similar to a LIF, a PRIF is a specific type of registered retirement income fund set up with money from a registered pension plan or the proceeds of a locked-in retirement account or locked-in retirement savings plan. PRIFs can also be set up with money from existing Life income funds or Locked-in retirement income funds that were entered into prior to April 1, 2002. If you are a PRIF Contractholder, you must withdraw a prescribed minimum amount each year however you are not subject to any prescribed annual maximum limits. There is no requirement to acquire a life annuity at any age.

Registered plan

This is a plan that has been registered under the *Income Tax Act* (Canada). Registered plans include registered retirement savings plans (RSPs), Tax-Free Savings Accounts (TFSAs) and registered retirement income funds (RIFs). Pension legislation may require these plans to be locked-in RSPs (LRSPs), Locked-in retirement accounts (LIRAs), restricted locked-in savings plans (RLSPs), Life income funds (LIFs), restricted Life income funds (RLIFs), Locked-in retirement income funds (LRIFs), or Prescribed retirement income funds (PRIFs).

Segregated Fund

Offered by life insurance companies, segregated funds are investment funds that provide various insurance benefits. Segregated funds invest in a portfolio of securities on behalf of numerous Contractholders. Segregated funds are held separate from an insurer's general assets.

Successor Annuitant

A Successor Annuitant is appointed by the Contractholder. If a Successor Annuitant is designated, on the death of the Annuitant, where the Annuitant is also the Contractholder, no Death Benefit Guarantee is payable and the Contract will continue to the Successor Annuitant. For RRSPs, the Annuitant's spouse or common-law partner as defined by the *Income Tax Act* (Canada) must be the sole beneficiary so that the spouse will continue to have the contract benefits in a new RRSP Contract in their name. For RIFs, you can only designate your spouse or common-law partner as Successor Annuitant.

Systematic Withdrawal Plan (SWP)

This is a plan that enables you to automatically withdraw a specific dollar amount from your Contract at predetermined intervals.

Tax-Free Savings Account (TFSA)

This is a type of registered savings plan (effective 2009), which allows annual non-deductible contributions. Unused TFSA contribution room can be carried forward for future years. Any capital gains and other investment income earned in this plan and any withdrawals from this plan will not be taxed. For annual non-deductible contribution limits visit the Canada Revenue Agency web site (www.cra-arc.gc.ca).

Underlying Fund

It is a fund in which an Ideal Segregated Fund invests most of its assets. Any amount allocated to an Ideal Segregated Fund is considered a premium payment into an individual variable contract issued by Manulife Financial.

Units

When you allocate your premium to the Ideal Segregated Funds, Units are assigned to your Contract. However, you do not actually own, buy or sell any part of the Ideal Segregated Funds, Underlying Funds or any fund Units. Moreover, you do not have any voting rights associated with the Ideal Segregated Funds and Underlying Funds. Rather, we hold the assets of the Funds on your behalf. For ease of understanding, we may use the terms "acquire", "withdraw", "switch" and "transfer" to refer to Fund transactions within your Contract.

Unit Value

For every Fund, a separate Unit Value is calculated for each premium allocation option. A Fund's Unit Value for a particular premium allocation option is calculated by dividing the value of the Fund's net assets associated with that premium allocation option by the total number of Fund Units outstanding for that premium allocation option immediately prior to the Valuation Date. Net assets are equal to the Market Value of the Fund's assets less its liabilities (including Management Fees and Other Expenses).

The Unit Value of an Ideal Segregated Fund increases or decreases with changes in the Market Value of the assets of the Fund and by the reinvestment of net income.

Valuation Day/Date

This is a Business Day on which the Market Value and Unit Value of an Ideal Segregated Fund are calculated for transaction purposes. The Market and Unit Values of an Ideal Segregated Fund are normally calculated on each Business Day after the TSX closes. However, in some circumstances, Manulife Financial may calculate these values on another day or at another time, at its discretion.

Withdrawal Value

The Withdrawal Value is the Contract Value less applicable withdrawal charges and taxes.

The Withdrawal Value on an Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

4. The Ideal Segregated Funds Contract

The Ideal Segregated Funds Contract is an Individual variable insurance contract. As a Contractholder, you have the option of allocating your premiums to any of our Ideal Segregated Funds that are available under the premium allocation option selected for your accumulation and retirement needs. The Ideal Segregated Funds are available under a non-registered savings plan, a Tax-free Savings Account or registered savings plans (RSP, LIRA, LRSP or RLSP), or registered retirement income plans (RIF, LIF, RLIF, LRIF or PRIF). From time to time, Manulife Financial may revise its product offering and, consequently, may no longer offer particular Contracts. In the case that this Contract is no longer offered, we will provide you with adequate notice and allow you to choose from alternative Contracts.

Potential creditor protection

Under provincial insurance laws, in some circumstances, your Contract may be protected from creditors if the beneficiary is the married spouse (or a common-law spouse in some provinces), parent, child or grandchild of the Annuitant (in Quebec, if the beneficiary is a spouse (married or civil union) or an ascendant or descendant of the Contractholder) or if the beneficiary is named irrevocably. Other exceptions may apply depending on your province of residence.

There are important limitations with respect to this protection. This summary is of a very general nature only and does not include all possible considerations. You should consult your legal advisor with respect to your particular circumstance to find out if you are eligible for this kind of protection.

Confirmation notice

When you pay a premium into your Ideal Segregated Funds Contract, we will provide you with a confirmation notice. The notice will confirm the amount of the premium and the number of Ideal Segregated Fund Units allocated to your Contract. You will also receive a confirmation notice for each withdrawal, switch and transfer. Please note that for Pre-Authorized Debit agreements, dollar cost averaging and Systematic Withdrawal Plans, only the first transaction will produce a confirmation notice. This may be different for nominee plans.

Statements

Manulife Financial will provide you with at least one statement per year outlining all financial activity that has occurred in your Contract. The statement will also show the number of Units held of each Ideal Segregated Fund and the Unit Value of each Ideal Segregated Fund on the Valuation Date corresponding with the statement date. In addition, each RIF, LIF, RLIF, LRIF or PRIF statement for the period ending December 31st will advise you of the government prescribed minimum payment for the upcoming year and the maximum payment for LIF, RLIF and LRIF plans. This will give you an opportunity to review your income stream and make changes as required. This may be different for nominee plans.

Financial Statements for the Ideal Segregated Funds

Before you allocate premiums to the Ideal Segregated Funds, we advise you to review the audited financial statements found in brochure number 1068 titled *Ideal Segregated Funds, Annual Financial Statements*. Semi-annual unaudited financial statements are available upon request.

For the Underlying Funds, copies of the simplified prospectus, the Annual Information Form and the annual audited financial statements (brochure number 2423 titled *Standard Life Mutual Funds, Annual Financial Statements*) are available upon request.

5. Plan types

The Ideal Segregated Funds Contract is available in a non-registered savings plan, a Tax-free Savings Account, a registered savings plan (RSP, LIRA, LRSP or RLSP), or a registered retirement income plan (RIF, LIF, RLIF, LRIF or PRIF).

Plan types

Savings plans

- **Non-registered savings plan**
- **Tax-free savings account (TFSA)**
- **Registered savings plans**
  - Retirement savings plan (RSP, including spousal RSP)
  - Locked-in retirement account (LIRA)
  - Locked-in retirement savings plan (LRSP)
  - Restricted locked-in savings plan (RLSP)

Registered retirement income plans

- Retirement income fund (RIF, including spousal RIF)
- Life income fund (LIF)
- Locked-in retirement income fund (LRIF)
- Prescribed retirement income fund (PRIF)
- Restricted life income fund (RLIF)

Plan features

Non-registered savings plan

- Under a non-registered savings plan, you can elect to be the Annuitant or you can designate another individual as Annuitant.
- You have the option of selecting an Annuity Commencement Date. However, if you do not specify a date, the default Annuity Commencement Date will be the Annuitant's 100th birthday.
- You can assign a non-registered savings plan in whole or in part. In other words, you can change the ownership of the Contract. If you choose to assign the Contract, you must forward notice of its assignment to Manulife Financial. We are not responsible for the validity of any assignment.

Nominee plans

All nominee plans will be held in non-registered savings plans at Manulife Financial. For premium payments, withdrawals, transfers and other similar transactions, the non-registered savings plan contracts will apply regardless of how the plan is registered with the third party (i.e. registered savings plan or registered retirement income plan). However, an exception will be made for nominee retirement income plans regarding the free annual withdrawal allowance as detailed in section 7 under the subsection entitled Free Withdrawals.

If your Contract is held in a nominee plan with a distributor, creditor protection may not be available. Consult your legal advisor about your particular situation.

Similarly, if your Contract is held in a nominee plan, some features may not be available to you, such as, but not limited to, the ability to designate a beneficiary or an additional beneficial owner or the dollar for dollar reduction for Death and Payout Benefit Guarantees for scheduled income payments on registered retirement income plans. Carefully discuss with your advisor the impacts of choosing to hold your Contract in a nominee plan.

Registered plans

- Under a Registered plan, you are both the Contractholder and the Annuitant.
- You cannot assign a registered Contract, nor can you assign any annuity payable to you or your spouse under the Contract, in whole or in part.
- You cannot use a registered Contract (excluding TFSA) as collateral for loan purposes.
- You can set up your Ideal Segregated Funds Contract in a Tax-free Savings Account (TFSA) under the *Income Tax Act* (Canada) and, if applicable, the *Taxation Act* (Quebec).
- The Tax-free Savings Account (TFSA) allows an annual non-deductible contribution up to the allowable limits according to the *Income Tax Act* (Canada). Any capital gains and other investment income earned in this plan and any withdrawals from this plan will not be taxed.

Registered savings plans

You can set up your Ideal Segregated Funds Contract in a Registered plan, as a registered retirement savings plan (RSP) under the *Income Tax Act* (Canada) and, if applicable, the *Taxation Act* (Quebec).

The premiums you pay into your registered savings plan may be eligible for tax deduction, up to the allowable limits, and gains are not subject to income tax when earned. On the Annuity Commencement Date, the Maturity Benefit Guarantee is paid in the form of retirement income and each annuity payment is fully taxable for income tax purposes. Currently, you have the option of selecting an Annuity Commencement Date. However, if you do not specify a date, it will default to December 31 of the year in which you reach the legislative age limit for maturing registered savings plans.

Registered retirement income plans

Registered retirement income plans (RIFs, LIFs, RLIFs, LRIFs and PRIFs) must be registered as retirement income funds under the *Income Tax Act* (Canada) and, if applicable, the *Taxation Act* (Quebec).

Registered retirement income plans allow you to tailor your retirement income stream to your individual needs and make partial withdrawals (subject to government prescribed maximums for LIF, RLIF and LRIF plans). All payments out of a registered retirement income plan are fully taxable for income tax purposes and any amount you withdraw in a calendar year may be subject to the withholding of income tax at source.

Government regulations require that all premiums paid into a RIF plan be made in the form of a transfer of RSP funds, including the full or partial commuted value of a registered annuity, or a transfer from another RIF. All premiums paid into a LIF, RLIF, LRIF or PRIF must be in the form of a transfer of registered locked-in funds or a transfer from another LIF, RLIF, LRIF or PRIF. No other type of premium payment can be made.

Minimum amount

In accordance with federal legislation, RIF, LIF, RLIF, LRIF or PRIF Contractholders are required to withdraw a minimum annual payment. This minimum amount must be calculated each calendar year after the year in which the RIF, LIF, RLIF, LRIF or PRIF is established. For the purpose of calculating the minimum amount, payments from a RIF can be based on the Contractholder's age or that of the Contractholders' spouse. In most jurisdictions, LIF and LRIF Contractholders can also use their spouse's age.

Maximum amount

In accordance with provincial legislation, LIFs, RLIFs and LRIFs also have a maximum annual income limit. The application rules for the maximum income formulas as well as other LIF, RLIF and LRIF criteria may vary depending on the pension jurisdiction.

Automatic transfers from your registered retirement savings plan to your registered retirement income plan

Manulife Financial will automatically transfer the Contract Value of your registered retirement savings plan, determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date, to a registered retirement income plan offered by Manulife Financial, unless you provide instructions to Manulife Financial prior to the Annuity Commencement Date. Furthermore, if you wish to have the minimum annual income payment based on your spouse's age, Manulife Financial must be advised prior to the Annuity Commencement Date, otherwise the minimum will be determined based on your age. The decision as to whose age will be used to determine the minimum annual income payment is irrevocable after the Annuity Commencement Date. As required by the *Income Tax Act* (Canada), minimum payments in accordance with the Manulife Financial Default Schedule then in effect will be made every December 31st until we are advised otherwise.

6. Premiums

Processing your premiums

Electronic processing

Your advisor will forward your premium allocation instructions to us electronically. If we receive these instructions at or before 4:00 p.m. Eastern Time on a Business Day, you will pay the Unit Value(s) of the selected Ideal Segregated Fund(s) on that Valuation Date. If we receive these instructions after 4:00 p.m. Eastern Time, you will pay the Unit Value(s) on the next Valuation Date.

We must receive payment within three Business Days of receiving your instructions (or one Business Day for the Ideal Money Market Fund II). If we do not receive payment within three Business Days, we will surrender your Units. If the surrender proceeds are less than the payment you owe, we will pay the difference to the Fund and we will collect this amount from your advisor, who may have the right to collect it from you. If the surrender proceeds are greater than the payment you owe, we will keep the difference. We reserve the right to reject any premium allocation instructions within one Business Day of receiving them. If we reject your instructions we will return your money immediately.

Manual processing

For premium allocation instructions that are not forwarded electronically, you will pay the Unit Value(s) established on the Valuation Date coincident with or immediately following the receipt of your instructions by Manulife Financial (this includes all required paperwork and the deposit for your premium). Premiums received by Manulife Financial after 4 p.m. Eastern Time will be processed on the next Business Day.

With both electronic and manual processing, the number of Units of an Ideal Segregated Fund allocated to your Contract is determined by dividing the amount of the premium by the Unit Value of the Ideal Segregated Fund, as established on the Valuation Date on which your instructions are processed.

Premium allocation options

The Ideal Segregated Funds are available under two premium allocation options:

- **Back-end load option**: This option currently features a withdrawal charge that decreases over five years (see section 7 for further details). The back-end load option is associated with lower Management Fees than the no-load option (see section 12).
- **No-load option**: There are no withdrawal charges under the no-load option. However, the no-load option is associated with higher Management Fees than the back-end load option (see section 12).

If you already own a Contract with us of the same plan type, we will process your allocation instructions as an additional premium payment into the existing Contract.

The back-end and no-load premium allocation options can be combined in the same Contract. You can activate only one Contract per plan type.

Premium minimums

Premiums must meet the following minimum amounts:

Type of Plan	Initial Premium	Additional Premium	PAD
Savings Plans	$1,000	$250	$50
Registered Retirement Income Plans	$10,000	$1,000	N/A

Savings plans

Lump sum premiums

- Your initial premium must be at least $1,000 for the plan and $250 per Ideal Segregated Fund
- Additional premiums must be at least $250 for the plan and per Ideal Segregated Fund

Pre-authorized debit (PAD) agreement

- For all options, the PAD premium payments must be at least $50 for the plan and $50 per Ideal Segregated Fund
- If your selected draw date does not fall on a Business Day, the purchase will be processed on the next Business Day
- You can make PAD premium payments on a weekly, biweekly, monthly, bimonthly, quarterly, semi-annual or annual basis
- Subject to the current minimums then in effect, you may change the amount of the premium at any time by notifying Manulife Financial 10 Business Days prior to the draw date
- If you stop paying premiums into an Ideal Segregated Fund before the minimum is met, we reserve the right to switch the balance in the Fund into another Ideal Segregated Fund or to surrender the Fund Value on the Valuation Date immediately following the discontinuance

- We reserve the right to modify or discontinue the PAD terms of your Contract, in which case we will provide you with written notice

Registered retirement income plans

The minimum amount required to open a registered retirement income plan is $10,000 for all premium allocation options. Additional premiums must be at least 1,000 for all premium allocation options per Ideal Segregated Fund. The minimum that can be allocated per Ideal Segregated Fund is $1,000 for all premium allocation options.

7. Withdrawals

Processing your withdrawals

For electronic and manual processing, you may submit your withdrawal instructions to your advisor on any Business Day. Your advisor will forward your instructions to us and your withdrawal will be processed on the applicable Valuation Date. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, you will receive the Ideal Segregated Fund Unit Value(s) on that Valuation Date. If we receive your order after 4:00 p.m. Eastern Time, you will receive the Unit Value(s) on the next Valuation Date.

For electronic processing only, if we have not received all documentation needed to settle your withdrawal within 10 Business Days, we will repurchase your Units. If the withdrawal proceeds are less than the repurchase amount, we will pay the difference and seek reimbursement from your advisor, who may have the right to collect it from you. If the withdrawal proceeds are greater than the repurchase amount, we will keep the difference.

We will mail you or electronically transfer the Withdrawal Value to your bank account within five Business Days of the fulfillment of our settlement requirements.

We may suspend your right to withdraw Units if normal trading is suspended on any exchange within or outside Canada on which securities or derivatives that make up more than 50% of the Fund's value or its underlying market exposure are traded, provided those securities or derivatives are not traded on any other exchange that is a reasonable alternative for the Fund.

The Withdrawal Value of an Ideal Segregated Fund or any portion of an Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Withdrawal minimums

You may request a total or partial withdrawal of Units held under your Contract at any time. In the case of a partial withdrawal, you must specify the Ideal Segregated Fund(s) from which the requested amount is to be withdrawn.

The minimum amount you can withdraw is $250 for all premium allocation options. This amount is subject to minimums and maximums as applicable. For savings plans, you must maintain a minimum balance of $1,000 for all premium allocation options unless you have an active PAD agreement. If after a partial withdrawal the Contract Value of your plan falls below $1,000, Manulife Financial reserves the right to surrender the balance of the Contract to you.

Systematic withdrawal plan

- Systematic withdrawal plans are available for non-registered savings plans only
- You can make periodic withdrawals from the Contract on a weekly, biweekly, monthly, bimonthly, quarterly, semi-annual or annual basis
- You must have a minimum balance of $5,000 for all premium allocation options. Your regular payment must be at least $100
- If you fail to specify the Fund(s) from which the withdrawal is to be made or if the Fund(s) you have chosen is (are) exhausted, the payments will be made according to Manulife Financial Default Schedule then in effect (see Default Schedule below)
- Under the no-load option there are no charges applicable to withdrawals
- Under the back-end load option, withdrawals may be subject to a withdrawal charge (see the Back-End Load Option Withdrawal Charge Table below)
- You may cancel the Systematic Withdrawal Plan at any time by giving Manulife Financial 10 Business Days' notice
- We reserve the right to modify or discontinue the Systematic Withdrawal Plan terms of this Contract, in which case we will provide you with written notice

Retirement income payments

You must begin receiving your RIF, LIF, RLIF, LRIF or PRIF income payments no later than December 31 of the calendar year following the issuance of your Contract. Retirement income payments are subject to government prescribed minimums (and maximums for LIFs, RLIFs, and LRIFs).

- You can receive payments from your RIF, LIF, RLIF, LRIF or PRIF on a weekly, biweekly, monthly, bimonthly, quarterly, semi-annual or annual basis
- You can request that the retirement income payments be the minimum, as specified by the *Income Tax Act* (Canada), or maximum, as specified by the applicable provincial pension legislation
- Alternatively, you can specify a dollar amount or, as a hedge against inflation, you can specify an initial dollar amount, increasing at a specified rate not exceeding 20 percent per year (LIF, RLIF and LRIF contracts are subject to government prescribed maximums)
- Each year, if the retirement income payments for that year have not met the required minimum, a payment will be made to bring the amount paid for the year to the minimum
- Income tax is withheld on any amounts paid in excess of the required minimum

Default schedule

If we do not receive instructions from you regarding the Fund withdrawal order, the following Default Schedule will apply:

1. Ideal Money Market Fund II
2. Ideal Canadian Bond Fund
3. Ideal Corporate Bond Fund
4. Ideal Global Bond Fund (formerly Ideal International Bond Fund)
5. Ideal Conservative Portfolio
6. Ideal Income Balanced Fund
7. Ideal Moderate Portfolio
8. Ideal Monthly Income Fund
9. Ideal Balanced Fund
10. Ideal Growth Portfolio
11. Ideal Aggressive Portfolio
12. Ideal Dividend Income Fund
13. Ideal Canadian Dividend Growth Fund
14. Ideal Canadian Equity Fund
15. Ideal Canadian Small Cap Fund
16. Ideal U.S. Dividend Growth Fund
17. Ideal U.S. Equity Value Fund
18. Ideal Global Dividend Growth Fund
19. Ideal Global Equity Fund
20. Ideal International Equity Fund

Manulife Financial reserves the right to alter the sequence of the preceding schedule at any time without notice. Should a Fund from which you have requested your payments to be withdrawn become depleted, the remaining payments will default to the preceding schedule.

The value of each retirement income payment from an Ideal Segregated Fund is obtained by withdrawing Units of that Fund, and is calculated using the Fund Unit Value established on the Valuation Date coincident with or immediately preceding the due date of the payment (except if the due date is January 1 where it would be calculated on the following Valuation Date).

Withdrawal charges

- **No-load option**
  You can withdraw Units of the Ideal Segregated Funds without incurring any withdrawal charges
- **Back-end load option**
  For the back-end load option, at present, a withdrawal charge is applicable within the five years following your premium payment (see the Back-End Load Option Withdrawal Charge Table). You may be entitled to receive an annual allowance of free withdrawals based on your plan type, as specified below.

To determine the withdrawal charge, we first establish how many premiums are being withdrawn and when these premiums were paid. To account for fluctuations in Fund Values, we determine a premium equivalent amount, which is calculated as the amount withdrawn multiplied by the ratio of (1) the sum of premiums paid under the back-end load option of the Contract and not previously withdrawn and (2) the sum of the Fund Values of the back-end load portion of the Contract. Then, the premiums up to the premium equivalent amount are withdrawn in the order in which they were paid, regardless of the Ideal Segregated Fund from which the withdrawal is affected. This ensures that premiums with the lowest charge rates will be withdrawn first.

The withdrawal charge is the sum of charges applicable to each premium being withdrawn under the back-end load option. For each premium (up to the premium equivalent amount), the withdrawal charge is equal to the premium multiplied by the charge rate applicable to that premium. The applicable charge rate is based on the number of years since the payment date of the premium and declines over time as set forth in the following table:

Back-end load option withdrawal charge table

Number of years since the premium payment date	Charge rate applicable to the premium
Less than 1 year	6%
1 year	5%
2 years	4%
3 years	3%
4 years	2%
5 years or more	0%

The back-end load withdrawal charges are waived for the Death Benefit Guarantee.

We reserve the right to modify the above Back-End Load Option Withdrawal Charge Table and its application, in which case we will provide you with prior notification. Any changes we implement will only apply to premiums paid on or after the effective date of the change.

Any portion of the total Fund Value that is based on the value of the Units of an Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Free withdrawals

Under the no-load option, withdrawals are always free of charges. Under the back-end load option, the following applies:

Savings plans

In the first year, you are allowed to withdraw up to 10 percent of the sum of the premiums you paid under the back-end load option of the Contract during that year. In each subsequent year, you are allowed to withdraw up to 10 percent of the sum of the back-end load option Fund Values as at January 1 and 10 percent of any additional premiums you paid under the back-end load option of the Contract during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward for use in future years.

Registered retirement income plans

For your registered retirement income plan, you are allowed to withdraw up to 20 percent of the sum of the premiums you paid under the back-end load option of the Contract in the first year. In each subsequent year, you are allowed to withdraw up to 20 percent of the sum of the back-end load option Fund Values as at January 1 and 20 percent of any additional premiums you paid under the back-end load option of the Contract during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward for use in future years.

This right also applies to registered retirement income plans held in a nominee plan.

Free withdrawals are not applicable to registered retirement income plans in the case of transfers to another carrier.

8. Switches and transfers

Processing your switches and transfers

For manual and electronic processing, you may submit your switch or transfer instructions to your advisor on any Business Day. Your advisor will forward your instructions to us and your switch or transfer will be processed on the applicable Valuation Date. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, your transaction will be processed using the Unit Value(s) of that Valuation Date. If we receive your instructions after 4:00 p.m. Eastern Time, your transaction will be processed using the Unit Value(s) of the next Valuation Date.

Minimums

For savings plans, the minimum amount that can be switched between Funds within a plan or transferred from one plan to another is $250 per Ideal Segregated Fund for all premium allocation options. For registered retirement income plans, the minimum amount that can be switched between Funds for all premium allocation options is $1,000.

Switches within plans

A switch is the partial or total reallocation of your premium from an Ideal Segregated Fund to any other Ideal Segregated Fund(s) within your plan. Withdrawal charges do not apply to Fund switches made within the same premium allocation option.

Your Contract guarantees are not affected by Fund switches. (Please refer to section 9 for an explanation of your Contract guarantees).

Transfers between plans

A transfer is the withdrawal of Units of a Fund in one plan to acquire Units of the same Fund or another Fund in a different plan. Withdrawal charges do not apply to transfers made within the same premium allocation option. All transfers between plans must respect the minimums described in section 6. We reserve the right to reject transfers requested between different premium allocation options.

With respect to your Contract guarantees, in most situations, a transfer out of a plan will be treated as a withdrawal and a transfer into a plan will be treated as a new premium payment. For further details, please refer to the administrative rules in place at the time of the transfer.

For more information on your guarantees and RRSP to RRIF transfers, please refer to Section 9.

Dollar cost averaging

Dollar cost averaging allows you to switch your premium from an Ideal Segregated Fund into any other Ideal Segregated Fund(s) on a systematic basis. Dollar cost averaging involves pre-selecting the amount of the premium you wish to switch from one Fund to another, and the frequency and date of the switch. This feature allows you to spread the risk of investing by averaging the highs and lows of the price of Units allocated to your Contract.

You may activate this feature under the following conditions:

- For all premium allocation options you must switch at least $250 for savings plans and $1,000 for registered retirement income plans from an Ideal Segregated Fund to any other Ideal Segregated Fund(s)
- You can make dollar cost averaging switches on a weekly, biweekly, monthly, bimonthly, quarterly, semi-annual or annual basis
- You can make the switch on any day of the month. If your selected switch date falls on a non-Business Day, the transaction will be processed on the next Business Day
- You may cancel the dollar cost averaging plan at any time by giving us 10 Business Days' notice
- Contract minimums must be maintained at all times
- We reserve the right to modify or discontinue the dollar cost averaging terms of this Contract, in which case we will provide you with written notice

9. Guarantees

The Ideal Segregated Funds Contract offers guarantees on premiums allocated to the Ideal Segregated Funds – a Savings Maturity Benefit Guarantee for savings plans or a Payout Benefit Guarantee for retirement income plans and a Death Benefit Guarantee for both savings and retirement income plans.

Your Contract guarantees are calculated based on the Net Premium in your Contract. The Net Premium is equal to the sum of premiums paid less the sum of proportional reductions for prior withdrawals of the Ideal Segregated Funds. (For residents of Quebec, please refer to the contract provisions).

Savings Maturity Benefit Guarantee

Your Ideal Segregated Funds Contract for your savings plan will mature on the Annuity Commencement Date. Your Contract guarantees that the Maturity Benefit Guarantee payable on the Annuity Commencement Date will be equal to the Contract Value or 75 percent of the Net Premium, whichever amount is greater – on the condition that your Contract has been in force for a minimum of 10 years from the date of your first premium payment.

You may select an Annuity Commencement Date provided that it is at least 10 years from the date of your first premium payment. If you do not specify an Annuity Commencement Date, for non-registered savings plans and TFSAs it will default to the Annuitant's 100th birthday and for registered savings plans it will default to December 31 of the year in which you reach the legislative age limit for maturing registered savings plans.

You may change the Annuity Commencement Date by submitting a written request at least one year prior to both the new Annuity Commencement Date you are selecting and the Annuity Commencement Date in effect at the time. Any change is subject to our approval and must also conform to the *Income Tax Act* (Canada) and, where applicable, the *Taxation Act* (Quebec). You will not be allowed to alter the Annuity Commencement Date to a date that is less than 10 complete years from the date of your first premium payment.

Example 1: Let's assume that the Contractholder of a non-registered savings plan allocated premiums totaling $30,000 to the Ideal Segregated Funds and the Contract Value of the account is $22,000 on the Annuity Commencement Date (assuming a negative growth rate of 26.67 percent). The Contractholder did not make any withdrawals prior to the Annuity Commencement Date. In this instance, Manulife Financial will pay $22,500 (75 percent of the $30,000 Net Premium) rather than the Contract Value of $22,000.

Example 2: The Contractholder has made partial withdrawals prior to the Annuity Commencement Date. In this case, a proportional reduction is applied in calculating the Maturity Benefit Guarantee.

Proportional reduction = A x B / C
Where,

A = Net Premium prior to the withdrawal. If no prior withdrawals have been made, the Net Premium equals the sum of premiums.

B = The amount withdrawn.

C = The sum of the Fund Values on the Valuation Date, not including the withdrawal.

Let's assume that the Contractholder pays premiums equaling $30,000 and thereafter decides to withdraw $2,200. The sum of the Fund Values on the Valuation Date prior to the withdrawal is $22,000 (assuming a negative growth rate of 26.67 percent). In this case,

A = $30,000
B = $2,200
C = $22,000

The proportional reduction =
$30,000 X $2,200 / $22,000 = $3,000

Therefore,
Net Premium after withdrawal =
$30,000 - $3,000 = $27,000

Assuming no further withdrawals are made, on the Annuity Commencement Date, Manulife Financial will pay the greater of the Contract Value (i.e. $22,000) on the applicable Valuation Date and $20,250 (75 percent of the $27,000 Net Premium).

If a subsequent withdrawal is made the Net Premium is recalculated accordingly.

Transfer from your registered retirement savings plan to a registered retirement income plan

Unless you advise us otherwise in advance, on the Annuity Commencement Date, the Contract Value of your Manulife Financial registered retirement savings plan (RSP, LIRA or LRSP) will automatically be transferred to a Manulife Financial registered retirement income plan (RIF, LIF, LRIF or PRIF). We will carry over the Net Premium and we will use the date of your first premium payment in your registered retirement savings plan to determine the 10-year minimum requirement for your Payout Benefit Guarantee (discussed in the Payout Benefit Guarantee section below).

If your Ideal Segregated Funds Contract for your savings plan remains in force for at least 10 years from the date of your first premium payment, you may request to apply your Savings Maturity Benefit Guarantee on the Annuity Commencement Date prior to transferring your monies to a registered retirement income plan. The Maturity Benefit Guarantee will become your starting Net Premium in the registered retirement income plan and the Payout Benefit Guarantee will apply in 10 years.

Payout Benefit Guarantee

Provided that your Ideal Segregated Funds Contract for your registered retirement income plan remains in force for at least 10 years from the date of your first premium payment into your Ideal Segregated Funds registered retirement income plan, Manulife Financial guarantees that the amount paid as retirement income payments over the lifetime of your Contract will be at least 75 percent of your Net Premium. Manulife Financial will deem your Contract to have ended when either the Death Benefit Guarantee or the Payout Benefit Guarantee (provided the 10 year requirement is met) has been paid, whichever comes first.

If the Contract Value is carried over from a Manulife Financial registered retirement savings plan, we will use the date of the first premium payment into your Manulife Financial registered retirement savings plan to determine the 10-year minimum requirement.

If you make any partial withdrawals from the RIF, LIF, RLIF, LRIF or PRIF beyond your scheduled retirement income payments, a proportional reduction calculation will be applied to determine your guarantee.

Example

Let's assume that a Contractholder paid a total of $30,000 in premiums into a Manulife Financial registered retirement income plan.

Manulife Financial guarantees that the Contractholder will receive a minimum of 75% of the Net Premium (75% X $30,000) in retirement income payments over the lifetime of the Contract, provided that the Contract has been in force for a minimum of 10 years.

At the Contract issue date, the Payout Benefit Guarantee is calculated as follows:	
Total premiums paid	$ 30,000.00
Unscheduled withdrawals (proportional)	$ -
Net Premium	**$ 30,000.00**
75% of Net Premium	$ 22,500.00
Scheduled withdrawals (dollar-for-dollar)	$ -
Payout Benefit Guarantee	**$ 22,500.00**

The Contractholder then chooses to receive schedule retirement income payments in the amount of $2,000 per year.

After two years, the remaining Payout Benefit Guarantee is calculated as follows:	
Total premiums paid	$ 30,000.00
Unscheduled withdrawals (proportional)	$ -
Net Premium	**$ 30,000.00**
75% of Net Premium	$ 22,500.00
Scheduled withdrawals of $2,000 per year for two years (dollar-for-dollar)	$ 4,000.00
Remaining Payout Benefit Guarantee	**$ 18,500.00**

On the third year, the Contractholder decides to make an unscheduled withdrawal of $5,000 beyond the scheduled retirement income payments of $2,000 per year. At the time of this withdrawal, the Market Value of the Contract is $24,000 as a result of a down market.

After three years, the remaining Payout Benefit Guarantee is calculated as follows:	
Total premiums paid	$ 30,000.00
Unscheduled withdrawal of $5,000 (proportional)[1]	$ 6,250.00
Net Premium	**$ 23,750.00**
75% of Net Premium	$ 17,812.50
Scheduled withdrawals of $2,000 per year for three years (dollar-for-dollar)	$ 6,000.00
Remaining Payout Benefit Guarantee	**$ 11,812.50**

[1]Proportional reduction is calculated as follows: $30,000 X $5,000 / $24,000 = $6,250

Death Benefit Guarantee

Savings plans

Your Ideal Segregated Funds Contract for your savings plan offers a Death Benefit Guarantee in the event of the Annuitant's death:

- **Where the Annuitant is younger than 80 years of age** when the first premium is paid, the Ideal Segregated Funds Contract guarantees that the Death Benefit Guarantee payable will be the Contract Value on the Valuation Date coinciding with or immediately following the day that we are notified of the Annuitant's death, or 100 percent of the Net Premium, whichever amount is greater.
- **Where the Annuitant is 80 years of age or older** when the first premium is paid, the Ideal Segregated Funds Contract guarantees that the Death Benefit Guarantee payable will be the Contract Value on the Valuation Date coinciding with or immediately following the day that we are notified of the Annuitant's death, or 75 percent of the Net Premium, whichever amount is greater.

Example: Let's assume that the Contractholder pays a first premium into the Ideal Segregated Funds Contract when the Annuitant is 50 years of age. The Annuitant dies at age 53. At the time of the Annuitant's death, the Contractholder had allocated premiums equaling $10,000 to Ideal Segregated Funds and made no withdrawals.

Scenario 1: The Contract Value on the applicable Valuation Date amounts to $8,000 (assuming a negative growth rate of 20 percent). Manulife Financial will pay the greater of $8,000 (Contract Value) and $10,000 (100 percent of the Net Premium). As a result, Manulife Financial will pay $10,000.

Scenario 2: The Contract Value on the applicable Valuation Date amounts to $12,000. Manulife Financial will pay the greater of $12,000 (Contract Value) and $10,000 (100 percent of the Net Premium). As a result, Manulife Financial will pay $12,000.

Registered retirement income plans

Your Ideal Segregated Funds Contract for your registered retirement income plan offers a Death Benefit Guarantee upon your death:

- **If you are younger than 80 years of age** when you pay your first premium, the Ideal Segregated Funds Contract guarantees that the Death Benefit Guarantee payable will be equal to the Contract Value on the Valuation Date coincident with or immediately following the day that we are notified of your death or 100 percent of the Net Premium, less prior scheduled retirement income payments, reduced on a dollar-for-dollar basis, whichever amount is greater.
- **If you are 80 years of age or older** when you pay your first premium, the Ideal Segregated Funds Contract guarantees that the Death Benefit Guarantee payable will be the Contract Value on the Valuation Date coinciding with or immediately following the day that we are notified of your death or 75 percent of the Net Premium, less prior scheduled retirement income payments, reduced on a dollar-for-dollar basis, whichever amount is greater. (Please note that you can only allocate premiums to segregated funds after age 80 if it is permitted by your provincial jurisdiction).

Example: Let's assume that at age 65 an Annuitant (also the Contractholder) transfers his or her RSP of $100,000 to a RIF. The Annuitant allocates the $100,000 to Ideal Segregated Funds. Five years later, the Annuitant dies. On the date we are advised in writing of the Annuitant's death, the Contract Value is $70,000. The Annuitant received retirement income payments that amount to $20,000 and had made no other withdrawals.

Manulife Financial will pay the greater of $70,000 (Contract Value) and $80,000 (i.e., $100,000 - $20,000). As a result, Manulife Financial will pay $80,000.

Total premiums paid	$ 100,000.00
Unscheduled withdrawals (proportional)	$ -
Net Premium	**$ 100,000.00**
100% Death Guarantee[2]	$ 100,000.00
Scheduled withdrawals of $20,000 (dollar-for-dollar)	$ 20,000.00
Death Benefit Guarantee	**$ 80,000.00**
Contract Value[3]	$ 70,000.00

[2] If the Annuitant is older than 80 years of age when the first premium is paid, the Death Guarantee will be 75% of the Net Premium instead.

[3] If the Contract Value is $90,000 at the time Manulife Financial is notified of the death of the Annuitant, then the Death Benefit Guarantee would be $90,000.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Fund.

10. Ideal Segregated Funds

10.1 History

Prior to 2006, Ideal Segregated Funds were available under two premium allocation options: the back-end load option (launched in 1986) and the no-load option (launched in 2000).

On November 6, 2006, The Standard Life Assurance Company of Canada (Standard Life) launched a third premium allocation option the no-load with reset option. The premium allocation options have different Management Fees and Unit Values.

In October 2007, Standard Life launched 8 additional funds, the Ideal Global Monthly Income Fund, Ideal Dividend Income Fund, Ideal Canadian Equity Focus Fund, Ideal U.S. Dividend Growth Fund, Ideal U.S. Equity Focus Fund, Ideal U.S. Mid Cap Fund, Ideal Global Equity Focus Fund and Ideal European Equity Fund. At the same time, Standard Life launched a fourth premium allocation option named the Platinum no-load option. This premium allocation option had higher minimum requirements and no withdrawal charges.

On June 1, 2009, Standard Life stopped selling the Ideal Money Market Fund. As of this date, the Ideal Money Market Fund II was made available for all new and existing Contractholders.

On April 14, 2011, the following Ideal Segregated Funds were not available for new business and were subsequently closed on June 14, 2011:

- Ideal Global Monthly Income Fund
- Ideal U.S. Equity Focus Fund
- Ideal U.S. Mid Cap Fund
- Ideal Global Equity Focus Fund
- Ideal European Equity Fund

In September 2011, Standard Life Mutual Funds Ltd. changed the name of the Standard Life Corporate High Yield Bond Fund and the Standard Life U.S. Equity Fund to the Standard Life Corporate Bond Fund and the Standard Life U.S. Equity Value Fund. Consequently, Standard Life changed the name of the Ideal Corporate High Yield Bond Fund to the Ideal Corporate Bond Fund and the Ideal U.S. Equity Fund to the Ideal U.S. Equity Value Fund.

On July 15, 2013, Standard Life ceased to offer the No-Load with reset and Platinum No-Load premium allocation options.

On November 18, 2013, Standard Life closed the Ideal Canadian Equity Focus Fund and transferred all premiums from this Fund into the Ideal Canadian Equity Fund. At the same time, the no-load premium allocation option was offered under the Ideal Dividend Income Fund and the Ideal U.S. Dividend Growth Fund.

In October 2014, Standard Life Mutual Funds Ltd. changed the name of the Standard Life International Bond Fund to the Standard Life Global Bond Fund. As a result, on November 17, 2014, Standard Life changed the name of the Ideal International Bond Fund to the Ideal Global Bond Fund.

On January 30, 2015, Manulife Financial acquired the Canadian operations of Standard Life plc. On or about July 1st, 2015, a Conveyance and Assumption Agreement was executed pursuant to which Manulife Financial assumes all of the liabilities of Standard Life.

10.2 Ideal Segregated Fund termination or removal

If we decide to terminate an Ideal Segregated Fund or discontinue offering a Fund within the Ideal Segregated Funds Contract, we will provide you with 60 days' written notice. At any time within the notice period, you can request the withdrawal of your Fund Units (with no applicable fees) and the allocation of the corresponding Fund Value to any other Ideal Segregated Fund. The Fund Value will be determined on the Valuation Date corresponding with or immediately following the receipt of your request. If at the end of the notice period we have not received your instructions, we will surrender your Fund Units and allocate the corresponding Fund Value to another Ideal Segregated Fund or investment option deemed appropriate at the time. The Fund Value at the time of transfer will be determined on the Valuation Date immediately following the end of the notice period.

In the event of the termination or removal of an Ideal Segregated Fund, the Fund Value is not guaranteed and will fluctuate with the Market Value of the assets of the Fund. Furthermore, the value of the Units acquired upon switching to another Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

10.3 Investment policy

The Ideal Segregated Funds investment policy describes the type of investment instruments that an Ideal Segregated Fund may use. Investments are made in adherence with the *CLHIA Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds* and in accordance with the provisions of the *Insurance Companies Act* (Canada), both of which could be amended from time to time. The investment strategies executed by Fund portfolio managers are governed by these guidelines.

Except as otherwise stated in the investment policy, Manulife Financial does not intend to engage in any of the following activities with regard to the Ideal Segregated Funds:

- borrowing money for the use of leverage
- making loans, whether secured or unsecured, exclusive of the purchase of debt securities for investment purposes
- short selling securities
- lending securities

Some Ideal Segregated Funds may be exposed to these activities because the Underlying Fund in which they invest engages in these activities. See section 10.5 for more information on the risks involved with some of these activities.

10.4 Investment objectives and strategies

Each of our Ideal Segregated Funds has its own investment objectives. As outlined in section 10.6, we may modify a Fund's objectives or strategies from time to time.

A detailed description of each Ideal Segregated Fund's investment objectives and strategies is presented in the *Ideal Segregated Funds - Investment Policy* and is available upon request.

10.5 Risks of investing in Ideal Segregated Funds

There are a number of risks of allocating premiums to an Ideal Segregated Fund(s), including those summarized below. The risks may be different depending on the Ideal Segregated Fund selected. We indicate the principal risks associated with a particular Fund in each Fund's investment policy, which is available from us upon request.

If an Ideal Segregated Fund invests in one or more Underlying Funds, we disclose in the investment policy the principal risks associated with the Underlying Fund(s) current as at the date of this document. For a comprehensive disclosure of the risks of the Underlying Funds, refer to the simplified prospectus or other disclosure documents of the Underlying Funds, copies of which are available upon request.

Credit risk

- **Credit risk**: Credit risk is the risk that the issuer issuing a fixed income security will be unable to make interest payments or pay back the original investment. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by government of developed countries tend to have lower credit risk. Ideal Segregated Funds that invest in companies or markets with high credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

Foreign currency risk

- **Foreign currency risk**: The Ideal Segregated Funds are denominated in Canadian dollars. However, when an Ideal Segregated Fund buys foreign securities, it may have to pay using a foreign currency. The value of that currency could rise or fall against the Canadian dollar. If the foreign currency falls relative to the Canadian dollar, your investment will be worth less in Canadian dollars and vice versa. Therefore, any Ideal Segregated Fund that invests in a security sold in a foreign currency faces exchange rate risk.

Interest rate risk

- **Interest rate risk**: Changes in interest rates can affect the performance of fixed income investments such as treasury bills and bonds. The Market value of fixed income investments tends to fall when interest rates rise and vice versa. Longer-term fixed income instruments are generally more sensitive to interest rate changes.

Liquidity risk

- **Liquidity risk**: Liquidity is the ability to sell an asset and convert it to cash quickly. If an Ideal Segregated Fund can sell securities quickly at an acceptable price, it is relatively liquid. Difficulty in selling securities may result in a loss or a costly delay. Some foreign investments and smaller company equities may be less liquid than other investments. A Fund is allowed to purchase and hold a restricted amount of illiquid assets.

Market risks

- **Foreign investment risks / Sovereign risks**: Investing in foreign markets may involve higher potential returns and greater risks than other types of investments. Foreign investments can tap into parts of the world that are growing faster than Canada and can offer higher profits than Canadian investments. Foreign investments can help you diversity your portfolio. However, they also involve particular risks:
  - **Regulatory risk**: Not all countries have the same high standards as Canada when it comes to accounting, auditing and financial reporting practices, government regulation, and other disclosure requirements. This means that information about a specific security within an Ideal Segregated Fund may be incomplete or inaccurate. This increases the risk that unforeseen news about a company, industry or market could cause the fund's value to drop.
  - **Political and economic risk:** Some parts of the world are subject to political or social instability. Such factors could affect the value of a fund investment or lead to a devaluation in the currency in which it is denominated. In addition, governments may impose taxes or currency controls, making it difficult to take money out of a country. Foreign stock markets may also be less liquid and more volatile than North American stock markets.
  - **Foreign debt risk**: Changes in interest rates may be more pronounced in foreign markets than in Canada and the United States, adversely affecting fixed income investments such as bonds. In some countries, there may be a greater danger that a borrower will default on its debt payments.
  - **Risk of concentration**: The level of foreign investment risk varies from country to country. Highly concentrated foreign investments generally face a higher level of risk than broadly diversified investments.
- **Risk of price change**: Ideal Segregated Funds invest in securities such as stocks (equities) and bonds (fixed income securities), which rise and fall in value from day to day. A fund's level of risk reflects the risk of the securities in which it invests. The price of equity securities may drop because of general economic conditions or specific factors that might affect an individual company or its industry. Fixed income securities, particularly high-yield bonds, depend on investor confidence that the company that issued the securities will repay them. If that confidence diminishes, the price of those bonds could fall.

Special securities risk

- **Asset-backed and mortgage-backed securities investment risk**: Some of the Ideal Segregated Funds may invest in mortgage-backed or asset-backed securities, including asset-backed commercial paper. These types of debt obligations are issued by an entity that has been created for the specific purpose of holding a pool of assets and their associated cash flows and contractual rights. This entity is a special-purpose vehicle (SPV), and in Canada is usually in the legal form of a trust. The ability of the SPV to make interest payments and repayment of principal at maturity depends on the quality and performance of the underlying loans and additional credit and liquidity support features. If there is a sudden change in interest rates, the creditworthiness of the borrowers of the underlying loans may be affected, and the underlying loans could be subject to default or prepayment, and in these circumstances, the value of the securities may be affected. In addition, there may be a mismatch in timing between the cash flow of the underlying loans and the payment schedule of the asset-backed or mortgage-backed security which it may affect payments or liquidity.
- **Derivative risk**: The Ideal Segregated Funds may use derivatives as permitted by the applicable legislation. In the investment policy of each Ideal Segregated Fund, we note if a specific fund may use derivatives. Derivatives have their own special risks. Here are some of the common risks:
  - Using derivatives for hedging may not always work and could limit a fund's potential to make a gain or increase potential losses.
  - The price of a derivative may not accurately reflect the value of the underlying currency or security.
  - There is no guarantee that a fund can close a derivative contract when it wants to. If an exchange imposes trading limits, this may affect the ability of a fund to close out its positions in derivatives. These events could prevent a fund from making a profit or limiting its losses. Derivatives traded on foreign markets may be harder to trade and have higher credit risks than derivatives traded in North America.
  - The other party to a derivative contract may not be able to live up to its agreement to complete the transaction.
  - In some circumstances, investment dealers and futures brokers may hold some of the fund's assets on deposit as collateral in a derivative contract. This increases risk because another party is responsible for the safekeeping of the assets.
- **Income trust investment risk**: Some Ideal Segregated Funds may invest in income trusts, such as real estate investment trusts or royalty trusts. Returns on income trusts are neither fixed nor guaranteed. Typically income trusts and other securities that are expected to distribute income are more volatile than fixed income securities and preferred shares. The value of income trust Units may decline significantly if they are unable to meet their distribution targets.

  To the extent that claims against an income trust are not satisfied by the trust, investors in the income trust (which include an Ideal Segregated Fund that invests in the income trust), could be held responsible for such obligations. Some, but not all, jurisdictions have enacted legislation to protect investors from some of this liability.

  Changes have been enacted which affect the way certain income trusts and limited partnerships are taxed. Generally, the new rules include a tax on certain publicly-traded income trusts (not including certain real estate investment trusts) and limited partnerships with respect to certain distributions or income allocations made by such entities.

Other risks

- **Securities lending, repurchase and reverse repurchase transaction risk**: Although Ideal Segregated Funds do not currently intend to engage in securities lending, repurchase and reverse repurchase transactions directly, they may be exposed to these transactions because of the Underlying Funds in which they invest. While securities lending, repurchase and reverse repurchase transactions are different, all three arrangements involve the temporary exchange of securities for cash with a simultaneous obligation to redeliver a like quantity of the same securities at a future date. *Securities lending* is an agreement whereby a fund lends securities through an authorized agent in exchange for a fee and a form of acceptable collateral. Under a *repurchase transaction*, a fund agrees to sell securities for cash, while at the same time assuming an obligation to repurchase the same securities for cash, usually at a lower price and at a later date. A *reverse repurchase transaction* is a transaction in which a fund buys securities for cash and simultaneously agrees to resell the same securities for cash, usually at a higher price and at a later date.

  Securities lending, repurchase and reverse repurchase transactions may earn additional income for mutual funds. The income is derived from the fees paid by the counterparty to the transaction, the compensation payments from the counterparty equal to the dividends paid on the securities loaned, purchased or sold, and the interest paid on cash or securities held as collateral.

The risks associated with securities lending, repurchase and reverse repurchase transactions arise when a counterparty, whether it be the borrower, seller or buyer, defaults under the agreement evidencing the transaction. The fund is then forced to make a claim in order to recover its investment. In securities lending or repurchase transactions, the fund could incur a loss if the value of the securities loaned or sold has increased relative to the value of the collateral held by the fund. In the case of a reverse repurchase transaction, the fund could incur a loss if the value of the securities purchased by the fund decreases in value relative to the value of the collateral held by the fund. To limit the risks associated with these transactions, a fund would adhere to controls and limits that are intended to offset these risks and by limiting the amount of exposure to these transactions. A fund would also typically deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

- **Series risk**: Some of the Ideal Segregated Funds are offered in more than one Series. Each Series will be charged separately for any fees, expenses and other liabilities specifically attributable to that Series. These liabilities will be deducted when calculating the unit price for that Series of Units and will reduce the value of a fund's Units. These liabilities will continue to be the responsibility of the fund as a whole. As a result, if there are not enough assets of the Series to pay these liabilities, the remaining assets of the fund as a whole would be used to pay them. In such circumstances, the unit price of other Series would decline by their proportionate amount of the excess liabilities.
- **Short selling risk**: Although Ideal Segregated Funds do not currently intend to engage in short selling directly, they may be exposed to this risk because of the Underlying Funds in which they invest. A short sale is where a fund borrows securities from a lender and sells them in the open market. A fund must repurchase the securities at a later date in order to return them to the lender. In the interim, the proceeds from the short sale are deposited with the lender and the fund pays interest to the lender on the borrowed securities. If the value of the securities declines between the time of the initial short sale and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest paid by the fund to the lender). If the price of the borrowed securities rises, however, a loss results.

  There are risks associated with short selling, namely that the borrowed securities will rise in value or not decline enough to cover the fund's costs. The fund may also experience difficulties in repurchasing the borrowed securities if a liquid market for the securities does not exist. In addition, the lender from whom the fund has borrowed securities may become bankrupt, causing the borrowing fund to lose the collateral it deposited with the lender. To limit the risks associated with short sale transactions, a fund would adhere to controls and limits that are intended to offset these risks and by limiting the amount of exposure for short sales. A fund would also typically deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.
- **Substantial Contractholder risk**: More than 10 percent of the Units of an Ideal Segregated Fund may be allocated to one Contractholder. An Ideal Segregated Fund may have to alter its portfolio to accommodate a request for surrender/withdrawal from a substantial Contractholder. Depending on the size and timing of the transaction, the Net asset value of such fund could be negatively impacted if the fund has to alter or dispose of some of its assets at an unfavorable time.
- **Tax information risk:** Pursuant to an Agreement Between the Government of the United States of America and the Government of Canada to Improve International Tax Compliance through Enhanced Exchange of Information under the Convention Between the United States of America and Canada with Respect to Taxes on Income and on Capital, and related proposed Canadian legislation, the Ideal Segregated Funds and the manager of the Ideal Segregated Funds or a related entity are required to report certain information with respect to Contractholders who are U.S. residents, U.S. citizens or entities that are organized in the U.S. or controlled by certain U.S. persons to the Canada Revenue Agency ("CRA"). The CRA will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty.
- **Underlying fund risk**: An Ideal Segregated Fund (also called a primary fund) that invests in Units of an Underlying Fund is not directly exposed to the risk factors described in the section Risks of Investing in Ideal Segregated Funds. However, since the Underlying Fund invests in assets that may be subject to these risks, the Ideal Segregated Fund is also subject to the same risks. For Ideal Segregated Funds that invest in Underlying Funds, we disclose the risks associated with the Underlying Funds as at the date of this document. For a comprehensive disclosure of the risks of these Underlying Funds, refer to the simplified prospectus or other disclosure documents of the Underlying Funds, copies of which are available upon request.

10.6 Fundamental change

Any one of the following events will trigger a fundamental change:

- An increase in the Management Fees of an Ideal Segregated Fund;
- A change in the fundamental investment objective of an Ideal Segregated Fund;
- A decrease in the frequency with which Units of segregated funds are valued

In the event of a fundamental change to an Ideal Segregated Fund, Manulife Financial will provide you with 60 days' written notice in accordance with the *CLHIA Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds*. The notice will provide you with the following options:

- Switch into a similar Ideal Segregated Fund not subject to the same change, without charge, or
- Surrender your Units of the Ideal Segregated Fund without charge, if a similar Fund is not available.

In the context of a fundamental change, a similar Fund means an Ideal Segregated Fund that has comparable investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and, at the time that notice is given, whose management fee and insurance fee are the same as or lower than those of the Ideal Segregated Fund undergoing the fundamental change.

Please note that we must receive your instructions at least five days prior to the expiry of the notice period.

11. Ideal Segregated Funds – Portfolio manager

We, as manager of the Ideal Segregated Funds, establish the investment objectives and strategies of each of the Ideal Segregated Funds. From time to time, we retain the services of portfolio managers to manage the investment portfolios of the Ideal Segregated Funds and to provide investment advice in connection therewith. Some Ideal Segregated Funds invest instead in Units of an Underlying Fund that is already managed by a portfolio manager. The portfolio manager of each Ideal Segregated Fund, or of its Underlying Fund, as the case may be, is disclosed in the I*deal Segregated Funds Fund Facts* section of this Information Folder.

Manulife Asset Management Limited (MAML) is the portfolio manager of some of the Ideal Segregated Funds and most of the Standard Life Mutual Funds. MAML is situated at 200 Bloor Street East, North Tower 4, Toronto, Ontario M4W 1E5. MAML, an affiliate of Manulife Financial has retained Standard Life Investments Limited (Standard Life Investments – UK) and Standard Life Investments (USA) Limited (Standard Life Investments – USA) as portfolio sub-advisors for some of the Standard Life Mutual Funds.

A portfolio manager undertakes investment research, makes decisions, and places purchase and sales orders for securities. Transactions are normally arranged through a large number of brokerage houses and no principal broker is retained.

Auditor

The audit of the Ideal Segregated Funds was performed by PricewaterhouseCoopers, Chartered Accountants, situated at PricewaterhouseCoopers LLP, Chartered Accountants, 1250 René-Lévesque Blvd West, Suite 2800, Montréal, Quebec H3B 2G4.

12. Ideal Segregated Funds – Fees and expenses

Most of these fees and expenses are subject to federal goods and services tax ("GST") and to harmonized sales tax ("HST"). Management fees and operating expenses payable by the Fund or Portfolio that are subject to GST are subject to the HST. Therefore, the MER of a Fund or Portfolio may increase as a result of the additional tax payable on these fees and expenses.

Management Fees

Management Fees cover the expenses of administering and managing an Ideal Segregated Fund. The Management Fee is calculated and accrued daily on each Valuation Date and paid twice a month by the Ideal Segregated Fund to Manulife Financial. The Management Fee is an annualized figure that is calculated as a percentage of a Fund's Net Asset Value. The Management Fee reduces a Fund's Unit Value.

We pay trailing commissions out of our Management Fees to eligible advisors and/or advisors' firms. Trailing commissions are paid for ongoing service and advice you receive. The trailing commission fees vary depending on the age of the Fund Units within the withdrawal charge schedule and the corresponding trailer fee rate. Manulife Financial reserves the right to change the rates and terms of the trailing commissions.

The Management Fees charged to each underlying mutual fund are incorporated into the Management Fees charged to each Ideal Segregated Fund that invests in Units of the underlying mutual fund. There is no duplication of fees and expenses.

Other expenses

These expenses include, but are not limited to, legal, audit and custodian fees, applicable taxes, interest and bank charges, regulatory filing fees and any expenses that may be incurred to preserve the assets or income of the Ideal Segregated Fund. These expenses vary from year to year and from Fund to Fund.

Short-term trading fee

Short-term or frequent trading represents an expense for all Contractholders and may affect the returns of a Fund. Consequently, for short-term and frequent trading we may charge you two percent of the value of the transaction amount, in addition to any applicable charges. For more information, please refer to the administrative guidelines, then in effect, entitled "Ideal Segregated Funds – Short-Term and Frequent Trading".

Management Expense Ratio

The Management Expense Ratio (MER) is the Management Fee plus the Other Expenses of the Ideal Segregated Fund shown as a percentage of the Ideal Segregated Fund's average daily Net Asset Value. The Management Fee and the MER depend on the Ideal Segregated Fund and the premium allocation option chosen. For further information regarding the premium allocation options, please refer to section 6. The MER for each Fund can be found in the individual Fund Facts.

The following table shows the Management Fees for each Ideal Segregated Fund premium allocation option.

Ideal Segregated Funds	Management Fees charged to the Ideal Segregated Funds per year(1)	
	Premium Allocation Options	
	Back-End Load	No-Load
Ideal Money Market Fund II	0.75%	0.75%
Ideal Canadian Bond Fund	1.70%	1.85%
Ideal Corporate Bond Fund	2.10%	2.25%
Ideal Global Bond Fund (formerly Ideal International Bond Fund)	2.20%	2.35%
Ideal Income Balanced Fund	2.40%	2.55%
Ideal Monthly Income Fund	2.40%	2.55%
Ideal Balanced Fund	2.40%	2.55%
Ideal Dividend Income Fund	2.40%	2.55%
Ideal Canadian Dividend Growth Fund	2.40%	2.55%
Ideal Canadian Equity Fund	2.40%	2.55%
Ideal Canadian Small Cap Fund	2.35%	2.50%
Ideal U.S. Dividend Growth Fund	2.40%	2.55%
Ideal U.S. Equity Value Fund	2.50%	2.65%
Ideal Global Dividend Growth Fund	2.40%	2.55%
Ideal Global Equity Fund	2.50%	2.65%
Ideal International Equity Fund	2.65%	2.80%
Ideal Conservative Portfolio	2.30%	2.45%
Ideal Moderate Portfolio	2.35%	2.50%
Ideal Growth Portfolio	2.45%	2.60%
Ideal Aggressive Portfolio	2.50%	2.65%

(1) This rate excludes any sales (or service) tax applicable on the Management Fee. It includes the underlying mutual fund's management fee where applicable.

We reserve the right to alter the Management Fee at any time after providing you with prior notification in accordance with the CLHIA Guidelines on *Individual Variable Insurance Contracts Relating to Segregated Funds*. Nonetheless, the Management Fee will never exceed 3 percent per year.

13. Taxation

Each Ideal Segregated Fund will allocate its income and realized capital gains and losses to Contractholders in each year so that no income tax will be payable by the Fund. Income earned by Ideal Segregated Funds from foreign sources may be subject to foreign withholding taxes.

Reporting income

Net income that should be reported by Contractholders includes investment income, capital gains and capital losses. Income is taxed differently if you hold the monies in a registered Contract or a non-registered Contract.

The information provided here applies to Canadian residents who are Ideal Segregated Funds Contractholders. Given that each person's situation is different, you should consult your accountant or advisor.

Investment Income and capital gains from Manulife Financial's Ideal Segregated Funds

Non-registered savings plans

If you hold your Ideal Segregated Funds in a non-Registered plan, you must pay income tax on any net investment income and net capital gains that have been allocated to you. Investment income includes interest income, dividend income from taxable Canadian corporations and foreign income. If an Ideal Segregated Fund has earned foreign income and paid foreign withholding tax on it, you may credit some or all of this tax against the Canadian income tax you have to pay.

If you become a non-resident it should be noted that Manulife Financial will sell units on your behalf for the non-resident tax deduction subject to income allocations.

Capital losses may only be deducted from capital gains. Currently, one-half of net capital gains must be included in your income. You may carry net capital losses back three years or forward indefinitely and deduct them from future capital gains.

Registered plans

If you hold your Ideal Segregated Funds in a registered savings plan, premiums may be tax-deductible, up to the maximum amount allowed by income tax legislation. You also do not pay income tax on the net investment income or capital gains allocated by the Funds or on switches between Funds. However, any amounts withdrawn from your registered savings plan will be subject to withholding tax at source.

If you hold your Ideal Segregated Funds in a registered retirement income plan, as with registered savings plans, you do not pay income tax on the net investment income or capital gains allocated by the Funds or on switches between Funds. However, your retirement income payments (scheduled and unscheduled) will be fully taxable as income.

Care should be taken with respect to withdrawals from spousal RRSPs and RRIFs, as the income attribution rules may require that certain amounts be included in the contributing spouse's or common-law partner's income.

For both Registered plans, your estate may be subject to tax on the Contract Value upon your death.

Capital Gains and losses resulting from the withdrawal of Units of Manulife Financial's Ideal Segregated Funds

Non-registered savings plans

When you withdraw, transfer or switch Units of an Ideal Segregated Fund for more money than they cost you, you have a net profit, or capital gain, which must be included as capital gains income when you complete your tax return. When you withdraw Units of a Fund at a net loss, or less than they originally cost, you have a capital loss, which you can deduct against your capital gains when you complete your tax return.

Registered plans

You do not pay capital gains tax when you withdraw, transfer or switch monies within a registered Contract. Monies withdrawn from a registered Contract are subject to withholding taxes. When you begin to withdraw money from the Contract, your premiums and earnings will be taxed as regular income.

Tax slips

Non-registered savings plans

We will send you tax information on your non-registered accounts annually. This tax record will indicate your share of the Ideal Segregated Funds' annual allocations of net income and net capital gains, and your allowable tax credit, if any. We will send you all the information you need to report these earnings on your tax return.

Registered plans

For RSPs, LIRAs, LRSPs and RLSPs you do not pay any taxes and we will not send you any tax records unless you withdraw monies in cash from your RSP. The amount is fully taxable and you will receive a T4RSP tax slip and a Relevé 2 if you are a Quebec resident. You will receive a contribution receipt for premium payments into your RSP. For registered retirement income plans, all retirement income payments are fully taxable and are reported on your T4RIF tax slip and a Relevé 2 if you are a Quebec resident.

14. Additional information

There are no legal proceedings pending or contemplated against Manulife Financial with respect to the Ideal Segregated Funds.

Any transaction conducted within the three years prior to the filing date of this Information Folder or proposed transaction involving any director or senior officer or any associate or affiliate of Manulife Financial has not or will not materially affect Manulife Financial with respect to the Ideal Segregated Funds.

There is no Contract with regard to the Ideal Segregated Funds entered into by Manulife Financial in the last two years that can be reasonably considered as presently material to owners of Contracts under which Ideal Segregated Funds can be selected.

There are no other material facts relating to the Contracts under which the Ideal Segregated Funds can be selected and not disclosed pursuant to the foregoing items.

Notes

Manulife

Investments

Ideal Segregated Funds Contract

Any part of the premium or other amount that is allocated to an Ideal Segregated Fund is invested at the risk of the contractholder and may increase or decrease in value.

THE MANUFACTURERS LIFE INSURANCE COMPANY

Ideal Segregated Funds Contract

Section I. General Provisions

Any part of the premium or other amount allocated to an Ideal Segregated Fund is invested at the risk of the contractholder and may increase or decrease in value.

This Contract is a non-participating contract.

In this Contract,

"You" and "your" refer to the contractholder, including an additional contractholder if applicable.

"We", "our" and "us" refer to The Manufacturers Life Insurance Company, also referred to as "Manulife Financial".

Definitions

Annuitant: The "Annuitant" is the person insured under the Contract. The Contract is based on the life of the Annuitant, who can be the contractholder or another person chosen by the contractholder. For Registered plans, the contractholder is also the Annuitant.

Beneficiary: The "Beneficiary" is the person who will receive the Death Benefit Guarantee if the Annuitant dies prior to the end of the Contract unless otherwise stated.

Business Day: A "Business Day" is any day on which the Toronto Stock Exchange is open for business.

Information Folder: The "Information Folder" refers to the *Ideal Segregated Funds Information Folder*.

Net Premium: The "Net Premium" is equal to the sum of premiums paid less the sum of proportional reductions for prior withdrawals of the Ideal Segregated Funds.

Premium Allocation Option: The Ideal Segregated Funds are available under two premium allocation options: the back-end load and no-load.

Spouse: A "Spouse" is a spouse or common-law partner as recognized under the *Income Tax Act* (Canada).

Successor Annuitant: A "Successor Annuitant" is appointed by the contractholder and is the person who will automatically become the Annuitant in the event of the death of the Annuitant indicated on the application. Under such circumstances, the Contract will remain in force and no Death Benefit Guarantee will be payable. A Successor Annuitant can be appointed for all plan types with the exception of LIF, LRIF, PRIF or RLIF plans. For RRSPs plans, the Annuitant's Spouse or common-law partner as defined by the *Income Tax Act* (Canada) must be the sole Beneficiary so that the Spouse will continue to have the contract benefits in a new RRSP contract in their name. For a RIF, only a Spouse or common-law partner, as defined by the *Income Tax Act* (Canada), can be named as Successor Annuitant.

Switch: A "Switch" is the partial or total reallocation of your premium from an Ideal Segregated Fund to any other Ideal Segregated Fund(s) within your plan.

Transfer: A "Transfer" is the withdrawal of units of a Fund in one plan to acquire units of the same Fund or another Fund in a different plan.

Valuation Day/Date: A "Valuation Day/Date" is a Business Day on which the Market Value and Unit Value of an Ideal Segregated Fund are calculated for transaction purposes. The Market and Unit Values of an Ideal Segregated Fund are normally calculated on each Business Day after the TSX closes. However, in some circumstances, Manulife Financial may calculate these values on another day or at another time, at its discretion.

We reserve the right to stop accepting or limit the amount of additional premiums to any premium allocation option, at any time, upon 60 days' written notice.

We reserve the right to stop offering any of the Funds or premium allocation options available at any time, upon 60 days' written notice.

Annuity

The annuity payments will be payable to the Annuitant.

The annuity payments will commence on the Annuity Commencement Date for savings plans or on the Contract Maturity Date for registered retirement income plans (as defined in Section IV).

The annuity payments will be level and payable monthly for 10 years and for the life of the Annuitant thereafter.

The annuity payments will be calculated using the Maturity Benefit Guarantee on the Annuity Commencement Date and the then current annuity rates (please refer to the Maturity Benefit Guarantee section of each plan).

The annuity payments will follow the annuity policy provisions in effect at that time.

We reserve the right to change the frequency of the annuity so that the annuity payments meet our minimum annuity payment requirement. In no event will annuity payments be less frequent than once a year.

Contract

The Ideal Segregated Funds Contract is an annuity contract issued on the life of the Annuitant. Unless otherwise specified in the application, the contractholder is also the Annuitant. The entire Contract consists of the following:

- Application
- Contract provisions
- Fund Fact(s) for the Ideal Segregated Fund(s) you invested in, but **only** for the following elements of a Fund Fact: the name of the Contract and of the Ideal Segregated Fund, the Management Expense Ratio, the risk disclosure, the Fees and expenses and the Right to cancel. The remedies available to you for any error in these elements of a Fund Fact will include reasonable measures by us to correct the error but will not entitle you to specific performance under the Contract.

  The Fund Facts information is accurate as of the date hereof and complies with the requirements set forth from time to time in the *CLHIA Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds*.
- Notice of Confirmation
- Amendments or relevant written agreements made on or after the date of the application
- Endorsement for locked-in funds

There may be situations where we may no longer offer this Contract. In such cases, we will provide you with notice and allow you to choose from alternative contracts.

The Contract is either non-registered or registered, as specified on the application, and can be categorized as follows:

Savings plans

- Non-registered savings plan
- Registered savings plans
  - Retirement savings plan (RSP, including spousal RSP)
  - Locked-in retirement account (LIRA)
  - Locked-in retirement savings plan (Locked-in RSP)
  - Restricted locked-in savings plan (RLSP)

Registered retirement income plans

- Retirement income fund (RIF, including spousal RIF)
- Life income fund (LIF)
- Locked-in retirement income fund (LRIF)
- Prescribed retirement income fund (PRIF)
- Restricted life income plan (RLIF)

Only one plan is allowed in a Contract at a time.

Registered plans

If requested by the contracholder on the application, we will submit this Contract for registration, pursuant to Section 146 of the *Income Tax Act* (Canada) for registered retirement savings plans and Section 146.3 of the *Income Tax Act* (Canada) for registered retirement income funds, and any applicable provincial tax legislation. Under a registered Contract, the contractholder is the Annuitant.

Alteration of the Contract

In order to be considered valid, any change to the terms of the Contract must be submitted to us in writing and approved by one of our authorized signing officers.

Loans

Loans are not available.

Currency

All payments made to or by Manulife Financial under this Contract are to be made in Canada, in Canadian currency, unless otherwise stipulated.

Evidence

Manulife Financial reserves the right to require the Annuitant or Beneficiary, as the case may be, to provide, at the appropriate time and at their own expense, proof satisfactory to it of the survival and/or death of the Annuitant and entitlement of the claimant.

For residents of Alberta and British Columbia

Every action or proceeding against us for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

Section I – A) Ideal Segregated Funds

This Contract allows the contractholder to allocate premiums to the Ideal Segregated Fund(s) available in that premium allocation option at the time of the premium payment, Switch or Transfer.

The assets of the Ideal Segregated Funds are held by Manulife Financial on behalf of all contractholders. The Ideal Segregated Funds are not separate legal entities. You do not own any of the assets of nor own an interest in the Ideal Segregated Funds. Rather, units of the selected Ideal Segregated Funds are allocated to your Contract for determining the benefits to which you are entitled. As a result, you do not actually own, buy or sell any part of the Ideal Segregated Funds. For ease of understanding, we may use the terms "acquire", "allocate", "withdraw", "switch" or "transfer" to refer to transactions of units within your Contract. Some of Manulife Financial's Ideal Segregated Funds invest a substantial portion of their assets in units of underlying funds. In some cases, Manulife Asset Management Limited, one of our affiliates, may be the investment fund manager of an underlying fund. As any amount allocated to an Ideal Segregated Fund is considered to be a premium payment into an individual variable insurance contract issued by Manulife Financial, contractholders do not own an interest in the underlying funds and are not entitled to any of the rights of the unitholders of the underlying funds. The investment objectives of the underlying funds cannot be changed unless approved by the unitholders of such fund. In such case, Manulife Financial will advise contractholders of changes to the fundamental investment objectives of the underlying funds.

Manulife Financial reserves the right to add, terminate or discontinue offering a Fund within the Ideal Segregated Funds Contract. In the event of such changes we will provide you with prior notification.

For more information on the Ideal Segregated Funds, please refer to the *Ideal Segregated Funds Information Folder* and the *Ideal Segregated Funds Fund Facts*, which accompanies this Contract. The Information Folder and the Fund Facts, except as previously stated, does not form part of the Contract.

Fundamental change

Any one of the following events will trigger a fundamental change:

- An increase in Management Fees of an Ideal Segregated Fund;
- A change in the fundamental investment objective of an Ideal Segregated Fund;
- A decrease in the frequency with which units of segregated funds are valued

In the event of a fundamental change to an Ideal Segregated Fund, Manulife Life will give you 60 days' written notice. The notice will provide you with the following options:

- Switch into a similar Ideal Segregated Fund not subject to the same change, without charge; or
- Surrender your units of the Ideal Segregated Fund without charges, if a similar Fund is not available

Please note that we must receive your instructions at least five days prior to the expiry of the notice period or we will proceed with the default option indicated in the written notice.

Contract Value

The Contract Value is the sum of all the Fund Values under your Contract.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Fund Value

The Fund Value is the individual contractholder's total number of units credited to a Fund multiplied by the corresponding Fund Unit Value established on the Valuation Date coincident with or immediately following the date the Fund Value is determined.

The Fund Value of each Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Management Fees and Other Expenses

A Management Fee is charged to each Ideal Segregated Fund on the Valuation Date. The Management Fees depend on both the Ideal Segregated Fund and the premium allocation option chosen. The Management Fees are currently calculated as a percentage of the Market Value of the net assets of the Fund on the date the fee is charged.

Manulife Financial reserves the right to alter the Management Fees at any time, in which case we will provide you with prior notification. The Management Fees will never exceed 3 percent per year.

In addition, expenses incurred in the ordinary course of business relating to the operation of the Ideal Segregated Funds will be charged to the assets of each respective Fund. These expenses include, but are not limited to, legal, audit and custodian fees, applicable taxes, interest and bank charges, regulatory filing fees and any expenses that may be incurred to preserve the assets or income of the Fund. These expenses vary from year to year and from Fund to Fund.

The Management Fees and Other Expenses paid by each Ideal Segregated Fund include the Management Fees paid by the underlying Mutual Fund(s), where applicable. However, there is no duplication of Management Fees and Other Expenses.

Most of these fees and expenses are subject to federal goods and services tax ("GST") and to harmonized sales tax ("HST"). Management fees and operating expenses payable by the Fund or Portfolio that are subject to GST are subject to the HST. Therefore, the MER of a Fund or Portfolio may increase as a result of the additional tax payable on these fees and expenses.

Market Value of Ideal Segregated Funds

The Market Value of each Ideal Segregated Fund will be determined on a Valuation Date. To determine the Unit Value of each Ideal Segregated Fund for trading purposes, the Market Value of an Ideal Segregated Fund's assets will be calculated based on the current price of the securities held in the Segregated Fund. Equity securities listed or traded on a stock exchange are valued at the closing price on the recognized stock exchange on which they are listed or principally traded. Equity securities not traded on the Valuation Date will be valued on the basis of the mean between bid and ask prices on that date. Bonds and asset-backed securities are valued on the basis of the median of the bid and ask quotations obtained from one or more recognized investment dealers. For all Ideal Segregated Funds, short-term notes are recorded at Market Value determined by taking the bid quotation from a recognized investment dealer. Investments in other investment funds not traded on a stock exchange are valued based on the net asset value per unit on the Valuation Date. In all other cases, or if we deem that the foregoing calculation methods do not accurately reflect the fair value of an asset, the Market Value will be the fair Market value as determined by us. Valuation for financial statement purposes is as disclosed in the financial statements. The Market Value of each Ideal Segregated Fund will always be determined at least once a month.

Unit Value

For every Fund, a separate Unit Value is calculated for each premium allocation option. A Fund's Unit Value for a particular premium allocation option is calculated by dividing the value of the Fund's net assets associated with that premium allocation option by the total number of Fund units outstanding for that premium allocation option immediately prior to the Valuation Date. Net assets are equal to the Market Value of the Fund's assets less its liabilities (including Management Fees and Other Expenses).

The Unit Value of an Ideal Segregated Fund increases or decreases with changes in the Market Value of the assets of the Fund and by the reinvestment of net income.

The Unit Value of each Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Section I – B) Processing your instructions

Premium payment

You may place your premium allocation instructions through your advisor, who will then forward these instructions to us. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, we will process them on that day. If we receive your instructions after 4:00 p.m. Eastern Time on a Business Day, we will process them on the next Valuation Day. The number of units of an Ideal Segregated Fund allocated to your Contract is determined by dividing the premium by the Unit Value established on the Valuation Day on which your instructions are processed.

If we do not receive instructions or receive incomplete instructions, your premium will be allocated according to the administrative rules in effect at that time.

If you already own an Ideal Segregated Fund Contract with us of the same plan type, we will process your request as an additional premium to the existing Contract. We will issue only one Contract per plan type.

Rescission rights

You may rescind the purchase of an Ideal Segregated Funds Contract and any allocation of premiums made to an Ideal Segregated Fund by sending us written notice requesting the rescission within two Business Days from the date you received confirmation of the purchase of the Contract. For any allocation of premiums to a Fund other than those made at the time you purchase your Contract, this right to rescind will only apply in respect to the additional allocated premiums, and written notice requesting the rescission must be provided within two Business Days from the date you received confirmation. The contractholder will be refunded the lesser of the amount invested and the value of the Fund on the Valuation Day following the day we received the request for rescission, plus any fees or charges associated with the transaction. A contractholder will be deemed to have received the confirmation five Business Days after it has been mailed by us.

The value of Units of each Ideal Segregated Fund allocated to your Contract is not guaranteed and will fluctuate with the Market Value of the assets of the corresponding Fund.

Minimum requirements

Minimum requirements refer to minimum premiums and minimum balances to be maintained in your Ideal Segregated Funds Contract as defined by Manulife Financial from time to time. Minimum requirements vary by plan. Please refer to the administrative rules in effect at the time of the applicable transaction for minimum requirements.

Manulife Financial may change these requirements from time to time.

Switches between funds

A switch is the partial or total reallocation of your premium from an Ideal Segregated Fund to any other Ideal Segregated Fund(s) within your plan. You may place your switch instructions through your advisor, who will then forward your instructions to us. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, we will process them on that day. If we receive your instructions after 4:00 p.m. Eastern Time on a Business Day, we will process them on the next Valuation Day.

On the applicable Valuation Day, we will withdraw units of the Ideal Segregated Fund you have specified so that the number of units withdrawn multiplied by the Fund's Unit Value equals the amount to be switched from that Fund. We will then allocate the proceeds from the withdrawal to your selected Ideal Segregated Fund(s) and acquire units of the Fund(s) on your behalf. Withdrawal charges do not apply to Fund switches made within the same premium allocation option.

The Value of units withdrawn or acquired to affect a switch is not guaranteed and will fluctuate with the Market Value of the assets of the corresponding Ideal Segregated Fund.

Transfers between plans

A Transfer is the withdrawal of units of a Fund in one plan to acquire units of the same Fund or another Fund in a different plan. If we receive your request to transfer to another authorized Manulife Financial Ideal Segregated Funds plan at or before 4:00 p.m. Eastern Time on a Business Day, it will be processed on that day. If we receive your request after 4:00 p.m. Eastern Time on a Business Day, it will be processed on the next Valuation Day. With respect to your Contract guarantees, a Transfer out of a Manulife Financial plan will be treated as a withdrawal and a transfer into a Manulife Financial plan will be treated as a new premium payment. Withdrawal charges do not apply to transfers made within the same premium allocation option.

Withdrawals and Withdrawal Value

At any time, you can request the total or partial withdrawal of units allocated to your Contract. The Withdrawal Value is equal to the Contract Value less any applicable withdrawal charges and taxes. A partial withdrawal is the withdrawal of a portion of the Withdrawal Value. For a partial withdrawal, you must specify the Ideal Segregated Fund(s) from which the requested amount is to be withdrawn.

Withdrawal requests can be made in writing or electronically. If we receive your request at or before 4:00 p.m. Eastern Time on a Business Day, it will be processed on that day. If we receive your request after 4:00 p.m. Eastern Time on a Business Day, it will be processed on the next Valuation Day. You must provide us with all the documents needed to process your withdrawal in accordance with the administrative rules in effect at the time.

The amount to be withdrawn must exceed the minimum withdrawal amount requirement in effect at the time. After a withdrawal, minimum requirements must be met in all Funds. We reserve the right to charge an administration fee on withdrawals.

The Withdrawal Value or any portion thereof is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Withdrawal charge

Under the no-load option, there is no withdrawal charge applicable to retirement income payments, total withdrawals and partial withdrawals of units held under your Contract.

Under the back-end load option, a withdrawal charge may be applicable to retirement income payments and total and partial withdrawals of the units held under your Contract. The withdrawal charge is determined on the Valuation Date coincident with or immediately following the receipt of your withdrawal request.

To determine the withdrawal charge, we first establish how many premiums are being withdrawn and when these premiums were paid. To account for fluctuations in Fund Values, we determine a premium equivalent amount, which is calculated as the amount withdrawn multiplied by the ratio of (1) the sum of premiums paid under the back-end load option of the Contract and not previously withdrawn and (2) the sum of the Fund Values under the back-end load option of the Contract. Then, premiums up to the premium equivalent amount are withdrawn in the order in which they were paid, regardless of the Ideal Segregated Fund to which they were allocated or the Ideal Segregated Fund from which the withdrawal is affected. This ensures that premiums with the lowest withdrawal charge rates will be withdrawn first.

The withdrawal charge is calculated as the sum of charges applicable to each premium being withdrawn under the back-end load option. For each premium (up to the premium equivalent amount), the withdrawal charge is equal to the amount of the premium multiplied by the charge rate applicable to that premium.

The charge rate applicable to a premium is based upon the number of years that have elapsed since the date of the payment of that premium, and declines over time as set out in the following table:

Back-End Load Option Withdrawal Charge Table	
Number of years since the payment of the premium	Charge rate applicable to the premium
Less than one year	6%
1 year	5%
2 years	4%
3 years	3%
4 years	2%
5 years or more	Nil

We reserve the right to modify the above charge rate table and its application, in which case we will provide you with prior notice. Any change we implement will only apply in respect of premiums paid on or after the effective date of the change.

The back-end load withdrawal charges are waived for the Death Benefit Guarantee.

Free withdrawals are available in all plans. Please refer to the specific section in this document for details.

Section II. Non-registered savings plans

Assignments

Notices of assignment of this Contract are to be forwarded to Manulife Financial in writing. Responsibility for the validity of any assignment rests with the assignee and not with Manulife Financial.

Free withdrawals

Under the no-load option, withdrawals are always free of charges. Under the back-end load option, the following applies:

During the first year, you are allowed to withdraw up to 10 percent of the sum of premiums paid under the back-end load option of the Contract during the year.

For each subsequent year, you are allowed to withdraw up to 10 percent of the sum of the back-end load option Fund Values as at January 1 and 10 percent of additional premiums paid under the back-end load option of the Contract during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward to future years.

Pre-Authorized Debit (PAD) agreement

This program allows you to pay regular premiums into your Ideal Segregated Funds Contract through automatic debit from your bank account.

A returned payment due to not-sufficient funds or funds not cleared will cause the PAD agreement to cancel and a new agreement will be required to return to the PAD method of payment.

You may waive the right to receive pre-notification of the amount of the PAD and therefore agree that you do not require advance notice of the amount of PAD(s) before the debit(s) is processed.

You have certain recourse rights if any debit does not comply with the agreement. You have the right to receive reimbursement for any debit that is not authorized or is not consistent with the PAD agreement. To obtain more information on your recourse rights, you may contact your financial institution, Manulife Financial or visit **www.cdnpay.ca**

If the contract is corporately owned, then the PAD will be setup as a business PAD.

Annuity Commencement Date

The first premium payment into your Ideal Segregated Funds Contract must be made at least 10 complete years before the Annuity Commencement Date. At issue, you can determine the Annuity Commencement Date. In the event that you do not specify a date, the Annuity Commencement Date will be the Annuitant's 100th birthday.

You may change the Annuity Commencement Date provided that you submit a written request at least one year prior to both the new Annuity Commencement Date you are selecting and the Annuity Commencement Date in effect at the time. Any change to the Annuity Commencement Date is subject to our approval. You will not be allowed to alter the Annuity Commencement Date to a date that is less than 10 complete years from the payment date of your first premium.

Maturity Benefit Guarantee

The Maturity Benefit Guarantee is equal to:

a) the Contract Value, determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date,

or

b) 75 percent of the Net Premium;

whichever amount is greater – on the condition that your Contract has been in force for a minimum of 10 years from the date of your first premium payment.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Death Benefit Guarantee

For your Ideal Segregated Funds Contract, if a Successor Annuitant has not been designated, in the event of the death of the Annuitant:

a) On or before the Annuity Commencement Date, Manulife Financial will pay the Beneficiary or contracholder, if living, a Death Benefit Guarantee equal to:

i) the Contract Value, determined on the Valuation Date coincident with or immediately following the day Manulife Financial is notified of the death of the Annuitant

or

ii) **If the Annuitant was younger than 80 years of age when the first premium was paid into the Contract**: 100 percent of the Net Premium;

If the Annuitant was 80 years of age or older when the first premium was paid into the Contract: 75 percent of the Net Premium;

whichever amount is greater.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

On the Valuation Date coincident with or immediately following the day Manulife Financial is notified of the death of the Annuitant, Manulife Financial will transfer the Death Benefit Guarantee into the Ideal Money Market Fund II. Upon receipt of all required documentation, the Fund Value of the Ideal Money Market Fund II will be paid to the Beneficiary and the Contract will be terminated.

b) After the Annuity Commencement Date, any remaining guaranteed annuity payments will be paid to the Beneficiary or contractholder, if living, as they fall due.

For residents of Quebec

In this Contract, all premiums paid become the property of Manulife Financial and are allocated to the Ideal Segregated Funds, which are also owned by Manulife Financial. Manulife Financial has the sole authority to manage these premiums. However, Manulife Financial agrees to distribute premiums among the various Funds according to the selection made by the contractholder.

Unless Manulife Financial receives different instructions prior to your Annuity Commencement Date, Manulife Financial will disburse the annuity as follows:

The first annuity payment will be made one year after your Annuity Commencement Date.

The annuity payments will be level and paid annually for 15 years.

The annual annuity payments will be calculated using the Maturity Benefit Guarantee on the Annuity Commencement Date multiplied by a factor of 66.9444 and divided by 1,000.

E.g. ($100,000 x 66.944) ÷ 1,000 = $6,694.40

Other types of annuities are available and the type chosen can increase or decrease the factor shown above.

Manulife Financial reserves the right to change the calculation factors, provided contractholders receive written notice to this effect 60 days in advance, if the interest rate varies with respect to the official discount rate in effect at the Bank of Canada on June 30, 2007. If the Maturity Benefit Guarantee on the Annuity Commencement Date is less than $20,000, Manulife Financial also reserves the right to make a lump sum payment.

Section III. Registered savings plans

General

This Contract is subject to the terms of the *Income Tax Act* (Canada) and, where applicable, the *Taxation Act* (Quebec). Benefit payments under this Contract after the Annuity Commencement Date will meet the requirements set out in Paragraphs 146(2)(b), (b.1) and (b.2) of the *Income Tax Act* (Canada). This Contract does not provide for the payment of a retirement income to you, except by way of equal annual or more frequent periodic annuity payments, as permitted in Paragraph 146(3)(b) of the *Income Tax Act* (Canada).

In the event of over-contribution under this Contract, we will permit the payment of an amount to you or, in the case of a spousal contribution, to your Spouse, where the amount is paid to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada). We reserve the right to charge an administration fee for such payment.

Assignments

This Contract cannot be assigned and no annuity payable to you or your Spouse under this Contract can be assigned, in whole or in part.

Free withdrawals

Under the no-load option, withdrawals are always free of charges. Under the back-end load option, the following applies:

In the first year, you are allowed to withdraw up to 10 percent of the sum of premiums paid under the back-end load option of the Contract during the year.

For each subsequent year, you are allowed to withdraw up to 10 percent of the sum of the back-end load option Fund Values as at January 1 and 10 percent of additional premiums paid under the back-end load option during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward to future years.

Pre-Authorized Debit (PAD) agreement

This program allows you to pay regular premiums into your Ideal Segregated Funds Contract through automatic debit from your bank account.

A returned payment due to not-sufficient funds or funds not cleared will cause the PAD agreement to cancel and a new agreement will be required to return to the PAD method of payment.

You may waive the right to receive pre-notification of the amount of the PAD and therefore agree that you do not require advance notice of the amount of PAD(s) before the debit(s) is processed.

You have certain recourse rights if any debit does not comply with the agreement. You have the right to receive reimbursement for any debit that is not authorized or is not consistent with the PAD agreement. To obtain more information on your recourse rights, you may contact your financial institution, Manulife Financial or visit **www.cdnpay.ca**

If the contract is corporately owned, then the PAD will be setup as a business PAD.

Annuity Commencement Date

The first premium payment into your Ideal Segregated Funds Contract must be made at least 10 complete years before the Annuity Commencement Date. At issue, you can determine the Annuity Commencement Date. In the event that you do not specify a date, the Annuity Commencement Date will be December 31 of the year in which you reach the legislative age limit for maturing registered retirement savings plans, as prescribed in the *Income Tax Act* (Canada).

You may change the Annuity Commencement Date provided that you submit a written request at least one year prior to both the new Annuity Commencement Date you are selecting and the Annuity Commencement Date in effect at the time. Any change is subject to our approval and must also conform to the *Income Tax Act* (Canada) and, where applicable, the *Taxation Act* (Quebec). You will not be allowed to alter the Annuity Commencement Date to a date that is less than 10 complete years from the date of your first premium payment.

Automatic Transfer from a registered retirement savings plan to a registered retirement income plan

For registered retirement savings plans, unless you provide written instructions to Manulife Financial prior to the Annuity Commencement Date, then, on the Annuity Commencement Date, Manulife Financial will automatically transfer the Contract Value determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date to a Manulife Financial registered retirement income plan available at that time. The investment splits amongst all Funds will be maintained upon transfer. We will carry over the Net Premium and we will use the date of your first premium payment into the registered retirement savings plan to determine the 10-year minimum requirement for the Payout Benefit Guarantee (discussed in Section IV).

If your Ideal Segregated Funds Contract for your registered savings plan remains in force for at least 10 years from the date of your first premium payment, you may request to apply your Savings Maturity Benefit Guarantee on the Annuity Commencement Date prior to transferring your monies to a registered retirement income plan. The Maturity Benefit Guarantee will become your starting Net Premium in the registered retirement plan and the Payout Benefit Guarantee will apply in 10 years.

If you wish to have the minimum annual income payment determined based on your Spouse's age, you must advise Manulife Financial prior to the Annuity Commencement Date, otherwise the minimum will be determined based on your age on the Annuity Commencement Date. The decision as to whose age will be used to determine the annual minimum income payment is irrevocable after the Annuity Commencement Date.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

If we do not receive any instructions pertaining to your retirement income payments before December 31st of the year following the automatic Transfer, a payment will be made in order to meet the government's required minimum for that year. Minimum payments will be continued every December 31st until we are advised otherwise in writing. Manulife Financial will withdraw the retirement income payments from the Funds in accordance with the default schedule in effect at the time.

Maturity Benefit Guarantee

The Maturity Benefit Guarantee is equal to:

a) The Contract Value, determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date,

or

b) 75 percent of the Net Premium;

whichever amount is greater – on the condition that your contract has been in force for a minimum of 10 years from the date of your first premium payment.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Notwithstanding the above, if the Contract Value determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date is automatically transferred to a registered retirement income plan, Manulife Financial will guarantee, under the registered retirement income plan, that the amount paid as retirement income payments over the lifetime of the Contract will be at least 75 percent of the Net Premium. This Payout Benefit Guarantee will apply as of the date ofTransfer and only if you do not instruct Manulife Financial otherwise in writing prior to the Annuity Commencement Date.

The Contract Value automatically transferred to a registered retirement income plan is not guaranteed and will fluctuate with the Market Value of the assets of each Ideal Segregated Fund both at the time of Transfer and, subsequently, under the registered retirement income plan.

Death Benefit Guarantee

For your Ideal Segregated Funds Contract, in the event of the death of the Annuitant:

a) On or before the Annuity Commencement Date, Manulife Financial will pay the Beneficiary a Death Benefit Guarantee equal to:

i) the Contract Value, determined on the Valuation Date coincident with or immediately following the day Manulife Financial is notified of your death,

or

ii) 100 percent of the Net Premium;

whichever amount is greater.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

On the Valuation Date coincident with or immediately following the day Manulife Financial is notified of your death, Manulife Financial will transfer the Death Benefit Guarantee into the Ideal Money Market Fund II. Upon receipt of all required documentation, the Fund Value of the Ideal Money Market Fund II will be paid to the Beneficiary and the Contract will be terminated.

b) After the Annuity Commencement Date, any remaining guaranteed annuity payments will be paid to the Beneficiary as they fall due. If your Spouse is not the Beneficiary, any remaining guaranteed annuity payments will be commuted and paid in a lump sum to the Beneficiary.

For residents of Quebec

In this Contract, all premiums paid become the property of Manulife Financial and are allocated to the Ideal Segregated Funds, which are also owned by Manulife Financial. Manulife Financial has the sole authority to manage these premiums. However, Manulife Financial agrees to distribute premiums among the various Funds according to the selection made by the contractholder.

Unless Manulife Financial receives different instructions prior to your Annuity Commencement Date, Manulife Financial will disburse your annuity as follows:

The first annuity payment will be made one year after your Annuity Commencement Date.

The annuity payments will be level and paid annually. The annuity payments will be payable until, but not including, your 90th birthday and for your life thereafter.

The annuity payments will be calculated using your Maturity Benefit Guarantee on your Annuity Commencement Date, multiplied by a factor based on your age (at your last birthday) and gender (see table below), divided by 1,000.

E.g. If you are a male aged 69, with a Maturity Benefit Guarantee of $100,000, at your Annuity Commencement Date, your annual annuity payment would be calculated as ($100,000 x 39.5460) x 1,000 = $3,954.60.

Factor per $1,000 of Maturity Benefit Guarantee		
Age (last birthday)	Male ($)	Female ($)
55	25.2120	24.6260
56	25.8750	25.2580
57	26.5750	25.9250
58	27.3170	26.6300
59	28.1030	27.3760
60	28.9370	28.1660
61	29.8240	29.0060
62	30.7680	29.8990
63	31.7760	30.8500
64	32.8520	31.8650
65	34.0040	32.9510
66	35.2400	34.1140
67	36.5690	35.3630
68	38.0000	36.7070
69	39.5460	38.1560
70	41.2190	39.7220
71	43.0360	41.4310

Other types of annuities are available and the type chosen can increase or decrease the factors shown in the table above.

However, Manulife Financial reserves the right to change the calculation factors, provided contractholders receive written notice to this effect 60 days in advance, if the interest rate varies with respect to the official discount rate in effect at the Bank of Canada on June 30, 2007. In addition, if the Maturity Benefit Guarantee on the Annuity Commencement is less than $10,000, Manulife Financial also reserves the right to use a different factor or make a lump sum payment.

Section IV. Registered retirement income plans

General

Investments made for the trust governed by this Contract will be restricted to the qualified investments described in Subsection 146.3(1) of the *Income Tax Act* (Canada) and will be selected at the sole discretion of Manulife Financial.

Current minimum requirements

All premiums paid into a registered retirement income plan must come from one of the sources of funds specified in Paragraph 146.3(2)(f) of the *Income Tax Act* (Canada).

Please refer to the administrative rules in effect at the time of the transaction for minimum requirements.

Assignments

This Contract cannot be assigned and no annuity payable to you or your Spouse under this Contract can be assigned in whole or in part.

Retirement income payments

Manulife Financial will not make any payments under a registered retirement income plan except in accordance with those described in Paragraph 146.3(2)(a) of the *Income Tax Act* (Canada).

The type and method of retirement income payments will be as specified by you, provided that:

- the required yearly minimum amount, pursuant to Subsection 146.3(1) of the *Income Tax Act* (Canada), is met and
- the required yearly minimum amount does not exceed the maximum amount, as specified by pension regulations, if applicable, except that if the maximum amount is less than the minimum amount then the minimum amount must be paid.

The type and method of retirement income payments selected at inception will continue for the lifetime of the Contract unless we receive other written instructions from you. Any alteration is subject to our approval and must conform to government regulations. Manulife Financial reserves the right to charge an administration fee for multiple changes to the retirement income payments in any given year. On December 31 of each year this Contract is in force, if the retirement income payments for the year do not meet the minimum amount required, pursuant to the *Income Tax Act* (Canada), a payment will be made to bring payments for the year to the minimum.

Transfers to another carrier

Upon receipt of your written request for a Transfer to another carrier of retirement income plans, in proper form, Manulife Financial will proceed to a partial withdrawal or a total withdrawal. As required by Paragraph 146.3(2)(e.1) or (e.2) of the *Income Tax Act* (Canada), Manulife Financial will retain an amount at least equal to the lesser of the amount sufficient to ensure that the minimum payment for the year may be paid to you and the amount transferred. The Contract Value may be subject to a withdrawal charge, as described in the Withdrawal Charge section. Manulife Financial reserves the right to charge an administration fee in accordance with practices in effect at the time.

The Contract Value of an Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Free withdrawals

Under the no-load option, withdrawals are always free of charges. Under the back-end load option the following applies:

In the first year, you are allowed to withdraw up to 20 percent of the sum of premiums paid under the back-end load option of the Contract during the year.

For each subsequent year, you are allowed to withdraw up to 20 percent of the sum of the back-end load option Fund Values as at January 1 and 20 percent of any additional premiums paid under the back-end load option of the Contract during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward to future years.

Free withdrawals are not applicable on any total or partial withdrawals of your registered retirement income plan for the purpose of transferring funds to another carrier.

Contract Maturity Date (LIF plans only)

If you have a LIF plan, depending on your provincial jurisdiction, your LIF may need to be transferred to an annuity on December 31 of the year in which you reach the age limit for maturity set by government regulation (referred to as the "Contract Maturity Date").

For LIFs that do not have such a requirement and for all other registered retirement income plans, there will be no Contract Maturity Date.

Maturity Benefit Guarantee (Maturity Benefit) - LIF plans with a Contract Maturity Date only

If your LIF plan has a Contract Maturity Date, provided that your Ideal Segregated Funds Contract for your LIF plan has been in effect for at least 10 years, on the Contract Maturity Date, Manulife Financial will allocate premiums to a Manulife Financial immediate annuity in the amount of:

a) the Contract Value, determined on the Valuation Date coincident with or immediately following the Contract Maturity Date,

or

b) 75 percent of the Net Premium, minus any prior retirement income payments;

whichever amount is greater.

Payout Benefit Guarantee (for registered retirement income plans)

Provided that your Ideal Segregated Funds Contract for your registered retirement income plan remains in force for a minimum period of 10 years from the date of your first premium payment into your Ideal Segregated Funds registered retirement income plan, Manulife Financial guarantees that the amount paid as retirement income payments over the lifetime of your Contract will be at least 75 percent of your Net Premium. If the Contract Value is carried over from a Manulife Financial registered retirement savings plan, we will use the date of the first premium payment into your Manulife Financial registered retirement savings plan to determine the 10-year minimum requirement for the Payout Benefit Guarantee.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Death Benefit Guarantee

If you have appointed your Spouse as Successor Annuitant, then on the day that Manulife Financial is notified of your death, the retirement income payments will continue to your Spouse.

If you have not appointed your Spouse as Successor Annuitant, upon your death, payments will cease and Manulife Financial will pay the Beneficiary a Death Benefit Guarantee equal to:

a) The Contract Value, determined on the Valuation Date coincident with or immediately following the day that Manulife Financial is notified of your death,

or

b) **If you were younger than 80 years of age when you paid your first premium into the Contract:** 100 percent of the Net Premium, minus any prior scheduled retirement income payments;

If you were 80 years or older when you paid the first premium into the Contract: 75 percent of the Net Premium, minus any prior scheduled retirement income payments;

whichever amount is greater.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

On the Valuation Date coincident with or immediately following the day Manulife Financial is notified of your death, Manulife Financial will switch the Death Benefit Guarantee into the Ideal Money Market Fund II. Upon receipt of all required documentation, the Fund Value of the Ideal Money Market Fund II will be paid to the Beneficiary and the Contract will be terminated.

For residents of Quebec

In this Contract, all premiums paid become the property of Manulife Financial and are allocated to the Ideal Segregated Funds, which are also owned by Manulife Financial. Manulife Financial has the sole authority to manage these premiums. However, Manulife Financial agrees to distribute premiums among the various Funds according to the selection made by the contractholder.

At any time you may choose to convert your retirement income plan to a life annuity. If you elect to convert your retirement income plan to a life annuity, Manulife Financial will disburse your annuity as follows:

The first annuity payment will be made one year after your conversion date.

The annuity payments will be level and paid annually. The annuity payments will be payable until, but not including, your 90th birthday and for your life thereafter.

The annuity payments will be calculated using your Contract Value (net of any applicable withdrawal charges) on your conversion date, multiplied by a factor based on your age (at your last birthday) and gender (see table below), divided by 1,000.

e.g. If you are a male aged 75, with a Contract Value of $100,000, at your conversion date, your annual annuity payment would be calculated as ($100,000 x 52.1360) ÷ 1,000) = $5,213.60).

Factor per $1,000 of Contract Value		
Age (last birthday)	Male ($)	Female ($)
55	25.2120	24.6260
56	25.8750	25.2580
57	26.5750	25.9250
58	27.3170	26.6300
59	28.1030	27.3760
60	28.9370	28.1660
61	29.8240	29.0060
62	30.7680	29.8990
63	31.7760	30.8500
64	32.8520	31.8650
65	34.0040	32.9510
66	35.2400	34.1140
67	36.5690	35.3630
68	38.0000	36.7070
69	39.5460	38.1560
70	41.2190	39.7220
71	43.0360	41.4310
72	45.0140	43.2770
73	47.1740	45.2880
74	49.5390	47.4860
75	52.1360	49.8920
76	54.9970	52.5360
77	58.1540	55.4440
78	61.6470	58.6510
79	65.5180	62.1920
80	69.8120	66.1000
81	74.6070	70.4020
82	79.8600	75.1250
83	85.6300	80.2730
84	91.9020	85.8160
85	98.6100	91.6730
86	105.6040	97.6750
87	112.9180	103.8490
88	120.2890	109.9580
89	127.2680	115.6350
90	133.7900	121.1620

Other types of annuities are available and the type chosen can increase or decrease the factors show in the table above.

Manulife Financial reserves the right to change the calculation factors provided contractholders receive written notice to this effect 60 days in advance, if the interest rate varies with respect to the official discount rate in effect at the Bank of Canada on June 30, 2007. If the Contract Value on the Annuity Commencement Date is less than $10,000, Manulife Financial also reserves the right to use a different factor or make a lump sum payment.

Section V. Total Customer Satisfaction Guarantee

As evidence of our commitment to our customers' satisfaction and of the confidence we have in our intermediaries, we are pleased to offer our Total Customer Satisfaction Guarantee. The terms of the guarantee are quite straightforward:

If you are not satisfied with the sales process within six months of the Contract's issue date, the Contract Value on the Valuation Date the Total Customer Satisfaction Guarantee is invoked is payable (no withdrawal charges are applicable). The refund may also be subject to taxation legislation.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of the particular Ideal Segregated Fund.

In order to better meet our customers' needs in the future, we ask that you complete a simple form indicating which of the eight principles of our Code of Ethics of the Sales Process (available upon request) has not been met to your satisfaction.

Additional premiums are covered under the Total Customer Satisfaction Guarantee as long as they are paid within six months of your Contract's issue date.

Manulife

Investments

Ideal Segregated Funds Contract
Tax-Free Savings Account

Any part of the premium or other amount that is allocated to an Ideal Segregated Fund is invested at the risk of the contractholder and may increase or decrease in value.

THE MANUFACTURERS LIFE INSURANCE COMPANY

Ideal Segregated Funds Contract – Tax-Free Savings Account

Section I. General provisions

Any part of the premium or other amount allocated to an Ideal Segregated Fund is invested at the risk of the Planholder and may increase or decrease in value.

This Contract is a non-participating contract.

In this Contract,

"You" and "your" refer to the Planholder, who is the owner, the Holder and Annuitant of the Ideal Segregated Funds Tax-free Savings Account.

"We", "our" and "us" refer to The Manufacturers Life Insurance Company, also referred to as "Manulife Financial".

Definitions

Annuitant: The "Annuitant" is the person insured under the Contract. The Contract is based on the life of the Annuitant, who is also the Planholder, the Holder and must be at least 18 years of age at the time the Contract is entered into.

Beneficiary: The "Beneficiary" is the person who will receive the Death Benefit Guarantee if the Annuitant dies prior to the end of the Contract under the condition that there is no Successor Planholder.

Business Day: A "Business Day" is any day on which the Toronto Stock Exchange is open for business.

Distribution: Distribution under a contract of which an individual is the Holder means a payment out of or under the contract in satisfaction of all or part of the Holder's interest in the contract.

Holder: Holder of a contract means:

- until the death of the individual who entered into the contract with the issuer, the individual; and
- at and after the death of the individual, the individual's survivor, if the survivor acquires
  (i) all of the individual's rights as the Holder of the contract, and
  (ii) to the extent it is not included in the rights described in subparagraph (i), the unconditional right to revoke any Beneficiary designation made, or similar direction imposed, by the individual under the contract or relating to property held in connection with the contract.

Information Folder: The "Information Folder" refers to the *Ideal Segregated Funds Information Folder*.

Net Premium: The "Net Premium" is equal to the sum of premiums paid less the sum of proportional reductions for prior withdrawals of the Ideal Segregated Funds.

Premium Allocation Option: The Ideal Segregated Funds are available under two premium allocation options: the back-end load and no-load options.

Spouse: A "Spouse" is a Spouse or common-law partner as recognized under the *Income Tax Act* (Canada).

Successor Planholder: A "Successor Planholder" is the individual who will become the new Planholder upon the death of the Planholder indicated on the application. Only a Spouse or common-law partner, as defined by the *Income Tax Act* (Canada), can be named as Successor Planholder. The new Planholder may designate a subsequent Successor Planholder.

Switch: A "Switch" is the partial or total reallocation of your premium from an Ideal Segregated Fund to any other Ideal Segregated Fund(s) within your plan.

Transfer: A "Transfer" is the withdrawal of units of a Fund in one plan to acquire units of the same Fund or another Fund in a different plan.

Valuation Day/Date: A "Valuation Day/Date" is a Business Day on which the Market Value and Unit Value of an Ideal Segregated Fund are calculated for transaction purposes. The Market and Unit Values of an Ideal Segregated Fund are normally calculated on each Business Day after the TSX closes. However, in some circumstances, Manulife Financial may calculate these values on another day or at another time, at its discretion.

We reserve the right to stop accepting or limit the amount of additional premiums to any premium allocation option, at any time upon 60 days written notice.

We reserve the right to stop offering any of the Funds or premium allocation options available at any time, upon 60 days written notice.

Annuity

The annuity payments will be payable to the Annuitant. The annuity payments will commence on the Annuity Commencement Date, unless otherwise specified herein.

The annuity payments will be level and payable monthly for 10 years and for the life of the Annuitant thereafter.

The annuity payments will be calculated using the Maturity Benefit Guarantee on the Annuity Commencement Date and the then current annuity rates.

The annuity payments will follow the annuity policy provisions in effect at that time.

We reserve the right to change the frequency of the annuity so that the annuity payments meet our minimum annuity payment requirement. In no event will annuity payments be less frequent than once a year.

Beneficiary

If a Successor Planholder has not been designated, any Death Benefit Guarantee will be paid to the Beneficiary.

If a Successor Planholder has been designated and predeceases the Planholder, the designated Beneficiary, if still living at the death of the Planholder, will receive the Death Benefit Guarantee.

Contract

The Contract is a Tax-free Savings Account, as specified on the application. The entire Contract consists of the following:

- Application for Tax-free Savings Account
- Contract provisions for Tax-free Savings Account
- Notice of Confirmation
- Fund Fact(s) for the Ideal Segregated Fund(s) you invested in, but **only** for the following elements of a Fund Fact: the name of the Contract and of the Ideal Segregated Fund, the Management Expense Ratio, the risk disclosure, the Fees and expenses and the Right to cancel. The remedies available to you for any error in these elements of a Fund Fact will include reasonable measures by us to correct the error but will not entitle you to specific performance under the Contract.

  The Fund Facts information is accurate as of the date hereof and complies with the requirements set forth from time to time in the *CLHIA Guidelines on Individual Variable Insurance Contracts Relating to Segregated Funds*.
- Amendments or relevant written agreements made on or after the date of the application.

There may be situations where we may no longer offer this Contract. In such cases, we will provide you with notice and allow you to choose from alternative Contracts.

Contract Registration

We will file an election with the Minister of National Revenue, to register this Plan, pursuant to Section 146.2 of the *Income Tax Act* (Canada) as a Tax-free Savings Account.

Alteration of the Contract

In order to be considered valid, any change to the terms of the Contract must be submitted to us in writing and approved by one of our authorized signing officers.

Loans

Loans are not available.

Currency

All payments made to or by Manulife Financial under this Contract are to be made in Canada, in Canadian currency, unless otherwise stipulated.

Evidence

Manulife Financial reserves the right to require the Annuitant or Beneficiary, as the case may be, to provide, at the appropriate time and at their own expense, proof satisfactory to it of the survival and/or death of the Annuitant and entitlement of the claimant.

For residents of Alberta and British Columbia

Every action or proceeding against us for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act or other applicable legislation.

Section I – A) Ideal Segregated Funds

This Contract allows the Planholder to allocate premiums to the Ideal Segregated Fund(s) available in that premium allocation option at the time of the premium payment, Switch or Transfer.

The assets of the Ideal Segregated Funds are held by Manulife Financial on behalf of the Planholder. The Ideal Segregated Funds are not separate legal entities. You do not own any of the assets of nor own an interest in the Ideal Segregated Funds. Rather, units of the selected Ideal Segregated Funds are allocated to your Contract for determining the benefits to which you are entitled. As a result, you do not actually own, buy or sell any part of the Ideal Segregated Funds. For ease of understanding, we may use the terms "acquire", "allocate", "withdraw", "switch" or "transfer" to refer to transactions of units within your Contract. Some of Manulife Financial's Ideal Segregated Funds invest a substantial portion of their assets in units of underlying funds. In some cases, Manulife Asset Management Limited one of our affiliates, may be the investment fund manager of an underlying fund. Planholders do not own an interest in the underlying funds and are not entitled to any of the rights of the unitholders of the underlying funds. The investment objectives of the underlying funds cannot be changed unless approved by the unitholders of such fund. In such case, Manulife Financial will advise Planholders of changes to the fundamental investment objectives of the underlying funds.

Manulife Financial reserves the right to add, terminate or discontinue offering a Fund within the Ideal Segregated Funds Contract. In the event of such changes we will provide you with prior notification.

For more information on the Ideal Segregated Funds, please refer to the *Ideal Segregated Funds Information Folder*, and the *Ideal Segregated Funds Fund Facts* which accompanies this Contract. The Information Folder and the Fund Facts, except as previously stated, does not form part of the Contract.

Fundamental change

Any one of the following events will trigger a fundamental change:

- An increase in Management Fees of an Ideal Segregated Fund;
- A change in the fundamental investment objective of an Ideal Segregated Fund;
- A decrease in the frequency with which units of segregated funds are valued

In the event of a fundamental change to an Ideal Segregated Fund, Manulife Financial will give you 60 days' written notice. The notice will provide you with the following options:

- Switch into a similar Ideal Segregated Fund not subject to the same change, without charge; or
- Surrender your units of the Ideal Segregated Fund without charges, if a similar Fund is not available

In the event of a fundamental change to an Ideal Segregated Fund, Manulife Financial will give you 60 days' written notice. The notice will provide you with the following options:

Contract Value

The Contract Value is the sum of all the Fund Values under your Contract.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Fund Value

The Fund Value is the individual Planholder's total number of units credited to a Fund multiplied by the corresponding Unit Value established on the Valuation Date coincident with or immediately following the date the Fund Value is determined.

The Fund Value of each Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Management Fees and Other Expenses

A Management Fee is charged to each Ideal Segregated Fund on the Valuation Date. The Management Fees depend on both the Ideal Segregated Fund and the premium allocation option chosen (back-end load option and no-load option). The Management Fees are currently calculated as a percentage of the Market Value of the net assets of the Fund on the date the fee is charged.

Manulife Financial reserves the right to alter the Management Fees at any time, in which case we will provide you with prior notice. Nevertheless, the Management Fees will never exceed 3 percent per year.

In addition, expenses incurred in the ordinary course of business relating to the operation of the Ideal Segregated Funds will be charged to the assets of each respective Fund. These expenses include, but are not limited to, legal, audit and custodian fees, interest and bank charges, regulatory filing fees and any expenses that may be incurred to preserve the assets or income of the Fund. These expenses vary from year to year and from Fund to Fund.

The Management Fees and Other Expenses paid by each Ideal Segregated Fund include the Management Fees paid by the underlying Mutual Fund(s), where applicable. However, there is no duplication of Management Fees and Other Expenses.

Most of these fees and expenses are subject to federal goods and services tax ("GST") and to harmonized sales tax ("HST"). Management fees and operating expenses payable by the Fund or Portfolio that are subject to GST are subject to the HST. Therefore, the Management Expense Ratio (MER) of a Fund or Portfolio may increase as a result of the additional tax payable on these fees and expenses.

Market Value of Ideal Segregated Funds

The Market Value of each Ideal Segregated Fund will be determined on a Valuation Date. To determine the Unit Value of each Ideal Segregated Fund for trading purposes, the Market Value of an Ideal Segregated Fund's assets will be calculated based on the current price of the securities held in the Segregated Fund. Equity securities listed or traded on a stock exchange are valued at the closing price on the recognized stock exchange on which they are listed or principally traded. Equity securities not traded on the Valuation Date will be valued on the basis of the mean between bid and ask prices on that date. Bonds and asset-backed securities are valued on the basis of the median of the bid and ask quotations obtained from one or more recognized investment dealers. For all Ideal Segregated Funds, short-term notes are recorded at Market Value determined by taking the bid quotation from a recognized investment dealer. Investments in other investment funds not traded on a stock exchange are valued based on the net asset value per unit on the Valuation Date. In all other cases, or if we deem that the foregoing calculation methods do not accurately reflect the fair value of an asset, the Market Value will be the fair Market value as determined by us. Valuation for financial statement purposes is as disclosed in the financial statements. The Market Value of each Ideal Segregated Fund will always be determined at least once a month.

Unit Value

For every Fund, a separate Unit Value is calculated for each premium allocation option. A Fund's Unit Value for a particular premium allocation option is calculated by dividing the value of the Fund's net assets associated with that premium allocation option by the total number of Fund units outstanding for that premium allocation option immediately prior to the Valuation Date. Net assets are equal to the Market Value of the Fund's assets less its liabilities (including Management Fees and Other Expenses).

The Unit Value of an Ideal Segregated Fund increases or decreases with changes in the Market Value of the assets of the Fund and by the reinvestment of net income.

The Unit Value of each Ideal Segregated Fund is not guaranteed and will fluctuate with the Market Value of the assets of the Fund.

Section I – B) Processing your instructions

Premium payment

You may place your premium allocation instructions through your advisor, who will then forward these instructions to us. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, we will process them on that day. If we receive your instructions after 4:00 p.m. Eastern Time on a Business Day, we will process them on the next Valuation Day. The number of units of an Ideal Segregated Fund allocated to your Contract is determined by dividing the premium by the Unit Value established on the Valuation Day on which your instructions are processed.

If we do not receive instructions or receive incomplete instructions, your premium will be allocated according to the administrative rules in effect at that time.

If you already own an Ideal Segregated Funds Contract with us of the same plan type, we will process your request as an additional premium to the existing Contract. We will issue only one Contract per plan type.

Rescission rights

You may rescind the purchase of an Ideal Segregated Funds Contract and any allocation of premiums made to an Ideal Segregated Fund by sending us written notice requesting the rescission within two Business Days from the date you received confirmation of the purchase of the Contract. For any allocation of premiums to a Fund other than those made at the time you purchase your Contract, this right to rescind will only apply in respect to the additional allocated premiums, and written notice requesting the rescission must be provided within two Business Days from the date you received confirmation. The Planholder will be refunded the lesser of the amount invested and the value of the Fund on the Valuation Day following the day we received the request for rescission, plus any fees or charges associated with the transaction. A Planholder will be deemed to have received the confirmation five Business Days after it has been mailed by us.

The value of units of each Ideal Segregated Fund allocated to your Contract is not guaranteed and will fluctuate with the Market Value of the assets of the corresponding Fund.

Minimum requirements

Minimum requirements refer to minimum premiums and minimum balances to be maintained in your Ideal Segregated Funds Contract as defined by Manulife Financial from time to time. Minimum requirements vary by plan. Please refer to the administrative rules in effect at the time of the applicable transaction for minimum requirements.

Manulife Financial may change these requirements from time to time without prior notice to you.

Switches between funds

A Switch is the partial or total reallocation of your premium from an Ideal Segregated Fund to any other Ideal Segregated Fund(s) within your plan. You may place your Switch instructions through your advisor, who will then forward your instructions to us. If we receive your instructions at or before 4:00 p.m. Eastern Time on a Business Day, we will process them on that day. If we receive your instructions after 4:00 p.m. Eastern Time on a Business Day, we will process them on the next Valuation Day.

On the applicable Valuation Day, we will withdraw units of the Ideal Segregated Fund you have specified so that the number of units withdrawn multiplied by the Fund's Unit Value equals the amount to be switched from that Fund. We will then allocate the proceeds from the withdrawn units to your selected Ideal Segregated Fund(s) and acquire units of the Fund(s) on your behalf. Withdrawal charges do not apply to Fund switches made within the same premium allocation option.

The Value of units withdrawn or acquired to affect a Switch is not guaranteed and will fluctuate with the Market Value of the assets of the corresponding Ideal Segregated Fund.

Transfers between plans

A transfer is the withdrawal of units of a Fund in one plan to acquire units of the same Fund or another Fund in a different plan. If we receive your request to transfer to another authorized Manulife Financial Ideal Segregated Funds plan at or before 4:00 p.m. Eastern Time on a Business Day, it will be processed on that day. If we receive your request after 4:00 p.m. Eastern Time on a Business Day, it will be processed on the next Valuation Day. With respect to your Contract guarantees, a transfer out of a Manulife Financial plan will be treated as a withdrawal and a transfer into a Manulife Financial plan will be treated as a new premium payment. Withdrawal charges do not apply to transfers made within the same premium allocation option.

Withdrawals and Withdrawal Value

At any time, you can request the total or partial withdrawal of units allocated to your Contract. The Withdrawal Value is equal to the Contract Value less any applicable withdrawal charges. A partial withdrawal is the withdrawal of a portion of the Withdrawal Value. For a partial withdrawal, you must specify the Ideal Segregated Fund(s) from which the requested amount is to be withdrawn.

Withdrawal requests can be made in writing or electronically. If we receive your request at or before 4:00 p.m. Eastern Time on a Business Day, it will be processed on that day. If we receive your request after 4:00 p.m. Eastern Time on a Business Day, it will be processed on the next Valuation Day. You must provide us with all the documents needed to process your withdrawal in accordance with the administrative rules in effect at the time.

The amount to be withdrawn must exceed the minimum withdrawal amount requirement in effect at the time. After a withdrawal, minimum requirements must be met in all Funds. We reserve the right to charge an administration fee on withdrawals.

The Withdrawal Value or any portion thereof is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Withdrawal charge

Under the no-load option, there is no withdrawal charge applicable to total withdrawals and partial withdrawals of units held under your Contract.

Under the back-end load option, a withdrawal charge may be applicable to total and partial withdrawals of the units held under your Contract. The withdrawal charge is determined on the Valuation Date coincident with or immediately following the receipt of your withdrawal request.

To determine the withdrawal charge, we first establish how many premiums are being withdrawn and when these premiums were paid. To account for fluctuations in Fund Values, we determine a premium equivalent amount, which is calculated as the amount withdrawn multiplied by the ratio of (1) the sum of premiums paid under the back-end load option of the Contract and not previously withdrawn and (2) the sum of the Fund Values under the back-end load option of the Contract. Then, premiums up to the premium equivalent amount are withdrawn in the order in which they were paid, regardless of the Ideal Segregated Fund to which they were allocated or the Ideal Segregated Fund from which the withdrawal is affected. This ensures that premiums with the lowest withdrawal charge rates will be withdrawn first.

The withdrawal charge is calculated as the sum of charges applicable to each premium being withdrawn under the back-end load option. For each premium (up to the premium equivalent amount), the withdrawal charge is equal to the amount of the premium multiplied by the charge rate applicable to that premium.

The charge rate applicable to a premium is based upon the number of years that have elapsed since the date of the payment of that premium, and declines over time as set out in the following table:

Back-End Load Option Withdrawal Charge Table	
Number of years since the payment of the premium	Charge rate applicable to the premium
Less than one year	6%
1 year	5%
2 years	4%
3 years	3%
4 years	2%
5 years or more	Nil

We reserve the right to modify the above charge rate table and its application, in which case we will provide you with prior notification. Any change we implement will only apply in respect of premiums paid on or after the effective date of the change.

The back-end load withdrawal charges are waived for the Death Benefit Guarantee.

Free withdrawals are available in all plans. Please refer to the specific section in this document for details.

Section II. Tax-Free Savings Account

General

This Contract is subject to the terms of section 146.2 of the *Income Tax Act* (Canada) and, where applicable, the *Taxation Act* (Quebec) as follows: As required by paragraph

- 146.2(2)(a), the Contract will be maintained for the exclusive benefit of the Annuitant
- 146.2(2)(b), no individual other than the Annuitant and Manulife Financial will have rights relating to the amount and timing of withdrawals and the investing of funds.
- 146.2(2)(c), premium payments can only be made by the Annuitant
- 146.2(2)(d), the Contract will permit for withdrawals to be made to reduce the amount of tax otherwise payable by the Planholder under section 207.02 or 207.03 of the *Income Tax Act* (Canada). These sections impose taxes on excess TFSA contributions and TFSA contributions made by the Annuitant while a non-resident of Canada.
- 146.2(2)(e), upon receipt of your written request for a transfer to another carrier of Tax-free Savings Account, in proper form, Manulife Financial will proceed with a partial withdrawal or a total withdrawal. The Contract Value may be subject to a withdrawal charge, as described in the Withdrawal Charge section. Manulife Financial reserves the right to charge an administration fee in accordance with practices in effect at the time.
- 146.2(2)(g), the Contract will comply with prescribed conditions. Any issues that may arise in the implementation of the Tax-free Savings Accounts will be dealt with through regulations.

In the event of excess-contribution under this Contract, we reserve the right to charge an administration fee for such payment.

Free withdrawals

Under the no-load option, withdrawals are always free of charges. Under the back-end load option, the following applies:

In the first year, you are allowed to withdraw up to 10 percent of the sum of premiums paid under the back-end load option of the Contract during the year.

For each subsequent year, you are allowed to withdraw up to 10 percent of the sum of the back-end load option Fund Values as at January 1 and 10 percent of additional premiums paid under the back-end load option of the Contract during the year.

This right is not cumulative and any unused amount of free withdrawals cannot be carried forward to future years.

Pre-Authorized Debit (PAD) agreement

This program allows you to pay regular premiums into your Ideal Segregated Funds Contract through automatic debit from your bank account.

A returned payment due to not-sufficient funds or funds not cleared will cause the PAD agreement to cancel and a new agreement will be required to return to the PAD method of payment.

You may waive the right to receive pre-notification of the amount of the PAD and therefore agree that you do not require advance notice of the amount of PAD(s) before the debit(s) is processed.

You have certain recourse rights if any debit does not comply with this agreement. You have the right to receive reimbursement for any debit that is not authorized or is not consistent with the PAD agreement. To obtain more information on your recourse rights, you may contact your financial institution, Manulife Financial or visit **www.cdnpay.ca**

Annuity Commencement Date

The first premium payment into your Ideal Segregated Funds Contract must be made at least 10 complete years before the Annuity Commencement Date. At issue, you can determine the Annuity Commencement Date. In the event that you do not specify a date, the Annuity Commencement Date will be the Annuitant's 100th birthday.

You may change the Annuity Commencement Date provided that you submit a written request at least one year prior to both the new Annuity Commencement Date you are selecting and the Annuity Commencement Date in effect at the time. Any change to the Annuity Commencement Date is subject to our approval. You will not be allowed to alter the Annuity Commencement Date to a date that is less than 10 complete years from the payment date of your first premium.

Maturity Benefit Guarantee

The Maturity Benefit is equal to:

a) The Contract Value, determined on the Valuation Date coincident with or immediately following the Annuity Commencement Date,

or

b) 75 percent of the Net Premium;

whichever amount is greater – on the condition that your contract has been in force for a minimum of 10 years from the date of your first premium.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

Death Benefit Guarantee

For your Ideal Segregated Funds Contract, if a Successor Planholder has not been designated, in the event of the death of the Annuitant:

a) On or before the Annuity Commencement Date, Manulife Financial will pay the Beneficiary a Death Benefit Guarantee equal to:

i) the Contract Value, determined on the Valuation Date coincident with or immediately following the day Manulife Financial is notified of your death,

or

ii) **If the Annuitant was younger than 80 years of age when the first premium was paid into the Contract**: 100 percent of the Net Premium;

If the Annuitant was 80 years of age or older when the first premium was paid into the Contract: 75 percent of the Net Premium;

whichever amount is greater.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of each particular Ideal Segregated Fund.

On the Valuation Date coincident with or immediately following the day Manulife Financial is notified of your death, Manulife Financial will transfer the Death Benefit Guarantee into the Ideal Money Market Fund II. Upon receipt of all required documentation, the Fund Value of the Ideal Money Market Fund II will be paid to the Beneficiary and the Contract will be terminated.

b) After the Annuity Commencement Date, any remaining guaranteed annuity payments will be paid to the Beneficiary as they fall due.

For residents of Quebec

In this Contract, all premiums paid become the property of Manulife Financial and are allocated to the Ideal Segregated Funds, which are also owned by Manulife Financial. Manulife Financial has the sole authority to manage these premiums. However, Manulife Financial agrees to distribute premiums among the various Funds according to the selection made by the Planholder.

Unless Manulife Financial receives different instructions prior to your Annuity Commencement Date, Manulife Financial will disburse the annuity as follows:

The first annuity payment will be made one year after your Annuity Commencement Date.

The annuity payments will be level and paid annually for 15 years.

The annual annuity payments will be calculated using the Maturity Benefit Guarantee on the Annuity Commencement Date multiplied by a factor of 66.944 and divided by 1,000.

E.g. ($100,000 x 66.944) ÷ 1,000 = $6,694.40

Other types of annuities are available and the type chosen can increase or decrease the factor shown above.

Manulife Financial reserves the right to change the calculation factors, provided Planholders receive written notice to this effect 60 days in advance, if the interest rate varies with respect to the official discount rate in effect at the Bank of Canada on June 30, 2007. If the Maturity Benefit Guarantee on the Annuity Commencement Date is less than $20,000, Manulife Financial also reserves the right to make a lump sum payment.

Section III. Total Customer Satisfaction Guarantee

As evidence of our commitment to our customers' satisfaction and of the confidence we have in our intermediaries, we are pleased to offer our Total Customer Satisfaction Guarantee. The terms of the guarantee are quite straightforward:

If you are not satisfied with the sales process within six months of the Contract's issue date, the Contract Value on the Valuation Date the Total Customer Satisfaction Guarantee is invoked is payable (no withdrawal charges are applicable). The refund may also be subject to taxation legislation.

The Contract Value is not guaranteed and will fluctuate with the Market Value of the assets of the particular Ideal Segregated Fund.

In order to better meet our customers' needs in the future, we ask that you complete a simple form indicating which of the eight principles of our Code of Ethics of the Sales Process (available upon request) has not been met to your satisfaction.

Additional premiums are covered under the Total Customer Satisfaction Guarantee as long as they are paid within six months of your Contract's issue date.

Manulife

Investments