Manulife Investment Management

**Information Folder and Contract**

# Manulife Guaranteed Investment Funds (GIF) Manulife Guaranteed Investment Funds *encore* (GIF *encore*)

**November 27, 2023**

This GIF and GIF *encore* Contract was closed to new Contract sales effective October 5, 2009, other than a transfer from an existing GIF and GIF *encore* Contract and was closed to subsequent deposits effective April 30, 2011.

This document contains the GIF and GIF *encore* Information Folder and Contract provisions. The segregated fund Information Folder is published by **The Manufacturers Life Insurance Company ("Manulife")** for information purposes only and is not an insurance contract. Manulife is the issuer of the Manulife GIF and Manulife GIF *encore* insurance contracts and the guarantor of any guarantee provisions therein.

**The Manufacturers Life Insurance Company**

# Key facts

**Manulife Guaranteed Investment Funds (GIF)**
**Manulife Guaranteed Investment Funds *encore* (GIF *encore*)**

This GIF and GIF *encore* Contract is no longer available for new sales effective October 5, 2009, unless it is a sale resulting from a transfer from an existing GIF and GIF *encore* Contract.

This summary provides a brief description of the basic things you should know before you apply for a GIF or GIF *encore* Contract. This summary is not your Contract. A full description of all the features and how they work is contained in this Information Folder and Contract. You should review these documents and discuss any questions you have with your advisor.

## What am I purchasing?

GIF and GIF *encore* are individual variable insurance contracts, also referred to as segregated fund contracts. They are issued by The Manufacturers Life Insurance Company (Manulife). You may allocate your deposits into available Funds and may designate a beneficiary.

You may choose the registration type of your Contract. The choice you make may have tax implications.

The value of your Contract can go up or down. The Contract provides for different guarantees that can protect the value of your Contract.

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## What guarantees are available?

The Contract gives you Maturity and Death Benefit Guarantees.
You pay fees for these guarantees. The fees are described in the "How much will it cost?" Section.

| | |
|---|---|
| **Maturity Guarantee** | **GIF and GIF** *encore*<br>• Protects the value of your Deposits on a Deposit Maturity Date<br>• Provides 100% of the Deposits allocated to Series 1 or the current market value, if greater<br>• Provides 75% of the Deposits allocated to Series 2 or the current market value, if greater<br>• Any withdrawals you make will proportionally reduce the guarantee. |
| **Death Benefit Guarantee** | **GIF**<br>• Protects the value of your Deposits if prior to the earlier of the Maturity Date and death of the last surviving annuitant<br>• Provides 100% of the Deposits allocated to a Series or the current market value of that Series, if greater<br>• Any withdrawals you make will proportionally reduce the guarantee<br>**GIF** *encore*<br>• Protects the value of your Deposits if prior to the earlier of Deposit Maturity Date and the death of the last surviving annuitant<br>• Provides 100% of the Deposits allocated in the first year<br>• Provides a reset on each policy anniversary, up to the annuitant's 80th birthday, to the greater of, the Market Value; Deposit Value increased by 4% per year; and the previous year's guarantee<br>• Provides a final reset on the annuitant's 80th birthday, at the greater of Market Value or 100% of Deposit Value<br>• Any withdrawals you make will proportionally reduce the guarantee. |
| **Resets** | **GIF**<br>• Client-initiated resets of Maturity and Death Benefit Guarantee based on annuitant's age:<br>i. Two per calendar year to age 70<br>ii. One per calendar year from age 70–90<br>iii. No resets past age 90<br>• Automatic reset of Maturity Guarantee and Deposit Value on a Deposit Maturity Date<br>**GIF** *encore*<br>• Annual, automatic reset on policy anniversary up to age 80 for Death Benefit Guarantee only<br>• Automatic reset of Maturity Guarantee and Deposit Value on a Deposit Maturity Date |

**Any withdrawal you make will proportionally reduce the guarantees. For full details, refer to Section 6, Guarantees, in the Information Folder.**

## What investments are available?

| | |
|---|---|
| **Investment options** | • You can invest in a variety of Funds.<br>• The Funds are described in the Fund Facts.<br>• The Investment Policy of a Segregated Fund (available upon request) describes the risks that may affect the Fund. See the Fund Facts for more information on the Fund(s) available in your contract. Fund Facts are continuously available online at www.manulifeim.ca. |
| **Financial information** | • Review the Fund Facts, which includes the financial highlights with the Information.<br>• Folder before purchasing the Contract |

**Manulife does not guarantee the performance of the Funds. You should carefully consider your risk tolerance when you select an investment option.**

## How much will this cost?

The Series, the Funds, and sales charge option you choose will affect your costs.

| | |
|---|---|
| **Fees** | **Management Expense Ratios (MER)**<br>• MERs vary by Fund and includes all management fees, operating expenses, and guarantee costs.<br>• The Unit Value of a Fund is reduced by the MER.<br>**Sales charge options**<br>• You may pay sales charges at the time of Deposit or on a deferred basis depending on the option you choose.<br>• Deferred sales charges may apply for withdrawals made during the first five years for GIF and the first.<br>**Other fees**<br>• Charges may apply if you make certain transactions, including withdrawals and Fund switches. |

**For full details, refer to Section 9, Fees and Charges, in the Information Folder. Refer to the Fund Facts for specific information regarding fees associated with each investment option.**

## What can I do after I purchase this Contract?

You can request Fund Switches and make withdrawals. Deposits will be allowed only as a result of a transfer from an existing GIF and GIF *encore* Contract. At maturity, your Contract will provide you with annuity payments, unless you select another option.

| Deposits | Type of Contract | Latest age to deposit* |
|---|---|---|
| No deposits are allowed unless it is a result of a transfer from an existing GIF and GIF *encore* contract. Existing Pre-Authorized Chequing (PAC) instructions may continue; however, the scheduled amount cannot be increased. No new PACs can be established. | Non-registered, TFSA, RRIF, LIF, LRIF, PRIF, RLIF | 80 |
| | RRSP, LIRA, RLSP | 71** |
| | LIF | 80 (in some pension jurisdictions)*** |
| | **Fund switches**<br>• Five free Fund switches per calendar year<br>• Minimum $500 per Fund or $100/month scheduled | |
| | **Withdrawals**<br>• Minimum $500 per Fund or $100/month scheduled<br>• Must maintain $2,500 contract minimum balance and $500 Fund minimum balance | |

*All ages are as of December 31 of the annuitant's age shown.
**Or the latest age to own under the *Income Tax Act* (Canada)
***In pension jurisdiction where legislation requires a LIF to be annuitized at age 80, the latest age to deposit is December 31, age 70.

**Certain restrictions and other conditions may apply. You should review the Contract for your rights and obligations and discuss any questions with your advisor.**

## What information will I receive about my Contract?

| | |
|---|---|
| **What we will send you (or your dealer, according to your instructions)** | • Confirmations for most financial and non-financial transactions affecting the Contract<br>• Statements for the Contract at least once a year<br>• Important updates affecting your Contract |
| **Available upon request** | • A report that contains audited financial statement<br>• The semi-annual financial statements<br>• The current version of the Fund Facts<br>• A Fund's Investment Policy |

## Can I change my mind?

You can change your mind about purchasing the Contract or allocating a Deposit or a Fund switch into a Fund within two business days of the earlier of the date you received confirmation of the transaction or five business days after it is mailed. In the case of a subsequent transaction, the right to cancel only applies to the new transaction. You have to tell us in writing that you want to cancel. The amount returned will be the lesser of the amount you invested or the value of the Fund if it has gone down. The amount returned will include a refund of any sales charges or other fees you paid.

## Where can I get more information or help?

For more information, please read the Information Folder and Contract or you may contact us at:

Manulife
500 King St. N
Waterloo, ON N2J 4C6

www.manulifeim.ca

Canada, Outside of Quebec
**1-888-790-4387**

Quebec & French Business
**1-800-355-6776**

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

For information about additional protection that is 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 regarding how to contact the insurance regulator in your province visit the Canadian Council of Insurance Regulators website at www.ccir-ccrra.org.

This document contains the Information Folder and Contract provisions. Delivery of the Contract provisions does not constitute acceptance by Manulife of a Contract purchase. The Contract will become effective on the Valuation Date of the first Deposit and upon acceptance by Manulife that the initial Contract set-up criteria has been met. Confirmation of a Contract purchase will be sent to you upon meeting the necessary Contract set-up criteria as determined by Manulife, and when the initial Deposit has been made.

The Information Folder provides brief and plain disclosure of all material facts relating to the Manulife Guaranteed Investment Funds (Manulife GIF) and Manulife Guaranteed Investment Funds *encore* (Manulife GIF *encore*) Contracts issued by Manulife. Please ensure you read and understand the provisions applicable to the product you purchase. Only the provisions of the product you purchase will apply.

In exchange for the premiums you pay to Manulife, we provide you with contractual benefits. You do not directly own the assets in the Contract; they are held on your behalf. The Contract has insurance benefits and offers a wide variety of Segregated Funds (referred to as the “Funds”). Fund categories could include money market, fixed income, and equities. The underlying investments of the Funds may be units of mutual funds, pooled funds, or other selected investment funds. For a description of the specific Funds available to you, please see the Fund Facts. You may also request a copy of the audited financial statements for the most recent year-end of the Fund(s). Semi-annual unaudited financial statements are also available upon request. Except where noted within the Information Folder, the provisions of the Manulife GIF, and Manulife GIF *encore* Contracts are the same.

## The following Sections of the Information Folder include provisions that apply specifically to a GIF Contract:

Section 6.3 to Section 6.5, Calculating the GIF Guarantees

Section 9.3, Back-end options (GIF Redemption Fee Scale)

## The following Sections of the Information Folder include provisions that apply specifically to a GIF *encore* Contract:

Section 6.6 and Section 6.7, Calculating the GIF *encore* Guarantees

Section 9.3 Back-end options, (GIF *encore* Redemption Fee Scale)

**This Contract is a deferred annuity Contract that contains provisions of an annuity such as a life annuity or a retirement income product provision at the Contract Maturity Date**

**This Contract provides return of Deposit guarantees that are payable either on a Deposit Maturity Date, or upon receipt of sufficient notification of death of the Annuitant.**

**Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.**

**Mathieu Charest**

Head of Product and Pricing - Individual Insurance
Manulife

**Paul Savage**

Head of Individual Insurance Canada
Manulife

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# Personal Information Statement

In this Statement, "you" and "your" refer to the policy owner or holder of rights under the contract, the annuitant and the parent or guardian of any child named as annuitant who is under the legal age for providing consent. "We", "us", "our", and "Manulife" refer to The Manufacturers Life Insurance Company and our affiliated companies and subsidiaries.

At Manulife protecting your personal information and respecting your privacy is important to us.

## Why do we collect, use, and disclose your personal information?

For the purposes of establishing and managing our relationship with you, providing you with products and services, administering our business, and complying with legal and regulatory requirements.

## What personal information do we collect?

Depending on the product or service, we collect specific personal information about you such as:

- Identifying information such as your name, address, telephone number(s), email address, your date of birth, driver's license, passport number or your Social Insurance Number (SIN)
- Financial information, investigative reports, credit bureau report, and/or a consumer report
- Information about how you use our products and services, and information about your preferences, demographics, and interests
- Banking and employment information
- Other personal information that we may require to administer your products or services and manage our relationship with you

We use fair and lawful means to collect your personal information.

## Where do we collect your personal information from?

Depending on the product or service, we collect personal information from:

- Your completed applications and forms
- Other interactions between you and us
- Other sources, such as:
  - Your advisor or authorized representative(s)
  - Third parties with whom we deal with in issuing and administering your products or services now, and in the future
  - Public sources, such as government agencies, credit bureaus and internet sites
  - Financial instiutions

## What do we use your personal information for?

Depending on the product or service, we will use your personal information to:

- Administer the products and services that we provide and to manage our relationship with you
- Confirm your identity and the accuracy of the information you provide
- Evaluate your application
- Comply with legal and regulatory requirements
- Understand more about you and how you like to do business with us
- Analyze data to help us make decisions and understand our customers better so we can improve the products and services we provide
- Perform audits, and investigations and protect you from fraud
- Determine your eligibility for, and provide you with details of, other products and services that may be of interest to you
- Automate processing to help us make decisions about your interactions with us, such as, applications, approvals or declines

## Who do we disclose your personal information to?

Depending on the product or service, we disclose your personal information to:

- Persons, financial institutions, reinsurers, and other parties with whom we deal with in issuing and administering your product or service now, and in the future
- Authorized employees, agents and representatives
- Your advisor and any agency which has entered into an agreement with us and has supervisory authority, directly or indirectly, over your advisor, and their employees
- Your employer or Plan Sponsor and their authorized agents, consultants and plan service providers
- Any person or organization to whom you gave consent
- People who are legally authorized to view your personal information
- Service providers who require this information to perform their services for us (for example data processing, programming, data storage, market research, printing and distribution services, paramedical and investigative agencies)

Except where there are contractual restrictions, these people, organizations and service providers are both within Canada and outside of Canada. Therefore, your personal information may be subject to interprovincial or cross-border transfers in order to provide services to you and subject to the laws of those jurisdictions.

Where personal information is provided to our service providers, we require them to protect the information in a manner that is consistent with our privacy policies and practices.

## Withdrawing your consent

You may withdraw your consent for us to use your personal information for certain uses, subject to legal and contractual restrictions.

You may not withdraw your consent for us to collect, use, or disclose personal information we need to issue or administer your products and services. If you do so, we may not be able to provide you with the products or services requested or we may treat your withdrawal of consent as a request to terminate or refusal the product or service.

If you wish to withdraw your consent, phone our customer care center in all provinces except Quebec at 1-888-790-4387 or in Quebec at 1-800-355-6776 or write to the Privacy Officer at the address below.

## Accuracy

You will notify us of any change to your contact information. If your information has changed, or if you need to make a correction of any inaccuracies to your personal information in our files, you may send a written request to:

**All provinces except Quebec:**
**Manulife**
**500 King St. N.**
**P.O. Box 1602 Stn.**
**Waterloo ON N2J 4C6**

**Quebec:**
**Manulife**
**2000 Mansfield St.**
**Suite 1100**
**Montreal QC H3A 2Z8**

## Access

You have the right to access and verify your personal information maintained in our files, and to request any factually inaccurate personal information be corrected, if appropriate. Requests can be sent to: **Privacy Officer Manulife, P.O. Box 1602, Del Stn 500-4-A, Waterloo, Ontario N2J 4C6** or **Canada_Privacy@manulife.ca**.

For more information you can review our Canadian Privacy Policy at manulife.ca. Please note the security of email communication cannot be guaranteed. Do not send us information of a private or confidential nature by email.

# 1. Communications

## 1.1 General Information

In this Information Folder, "you" and "your" refer to the person who has Policyowner's or policyholder's rights under the Contract. "We", "our", "us", and "Manulife" refer to The Manufacturers Life Insurance Company (Manulife), which was incorporated in June 1887 by an Act of the Parliament of Canada. Manulife's Canadian

Division Head Office is located at 500 King Street North, Waterloo, Ontario, N2J 4C6. The "Contract" refers to Manulife Guaranteed Investment Fund and Guaranteed Investment Fund *encore* (GIF & GIF *encore*). Other key terms are defined in the Contract.

You do not become a unitholder of the Segregated Funds or underlying funds available under the Contract. The amount you invest is notionally invested in Fund Units, although the Contract may refer to the purchase of Units of the Fund. This is how the value of the Contract is determined, but you don't legally own the Units since, by law, Manulife is required to be the owner of the Units.

Please be mindful of this when you read the Contract documents.

In this Information Folder, we occasionally use the phrase "according to the administrative rules that we have in place at the time."

We change our administrative rules as required to provide improved levels of service and to reflect corporate policy, economic and legislative changes, including revisions to the *Income Tax Act* (Canada).

## 1.2 Giving Us Your Instructions

When we ask you to "advise us in writing," please send your correspondence to: Manulife, 500 King Street North, Waterloo, Ontario, N2J 4C6. In some cases where a third-party distributor is involved and the Contract is held externally in nominee name, the correspondence may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Manulife.

From time to time we may offer service initiatives that enable you to issue transaction instructions and authorization to us through communication channels, including electronic and telephone.

Administrative rules may apply to transaction instructions communicated to us under these service initiatives, which may differ to rules that would otherwise apply under the Contract.

We reserve the right to restrict or deny any written or non-written instructions if contrary to the laws of Canada or other jurisdictions applicable to you or the Contract, or that are contrary to administrative procedures.

### 1.3 Correspondence You will receive from Us

When we say "We will advise you," we mean that we will send a written notice to your address as shown in our files. Please advise us of any change in your address. In some cases where a third-party distributor is involved and the Contract is held externally in nominee name, the correspondence may be directed to the third party based on the authorization given by the third party, and where that authorization is acceptable to Manulife. We will send you:

- confirmations for most financial and non-financial transactions affecting the Contract,
- statements for the Contract at least once a year,
- upon request, a report that contains audited financial statements,
- upon request, the semi-annual financial statements
- upon request, the current version of the Fund Facts,
- upon request, the detailed investment policy of a Segregated Fund, and upon request, copies of the simplified prospectus, annual information form, financial highlights and audited financial statements of the underlying investments (if applicable).

**Note**: The annual audited and semi-annual unaudited financial statements and the Fund Facts are available at any time on our website (www.manulifeim.ca).

# 2. Types of Contracts Available

## 2.1 General Information

A Manulife GIF or GIF encore Contract may be purchased as registered or non-registered. The registered Contracts available include Registered Retirement Savings Plan (RRSP), Spousal RRSP, Locked-in Retirement Account or Locked-in RRSP (LIRA), Restricted Locked-in Savings Plan (RLSP), Tax-Free Savings Account (TFSA), Registered Retirement Income Fund (RRIF), Spousal RRIF, Life Income Fund (LIF) and Locked-in Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), Restricted Life Income Fund (RLIF), and any other locked-in plan as allowed under pension legislation. We may refer to "other similar retirement income Contract" throughout the Information Folder and Contract which includes, but is not limited to, LRIF, PRIF, and RLIF and any other contract type that may be introduced under pension legislation. Not all variations of the registered Contracts may be available to you depending on the source of the initial Deposit and the provincial jurisdiction where you make the purchase.

The latest age at which you may purchase and become a Policy owner of a Contract varies with the type of Contract you select. If the Contract is in force on the Maturity Date, and we have not been notified of a different maturity option, the Contract will be amended to provide a single life annuity with a 10-year guarantee with you as Policy owner. The provisions of the annuity Contract will be provided to you at that time.

| Contract type | Latest age to deposit | Latest age to own |
|---|---|---|
| **Non-registered** | up to Dec. 31, age 80 of Annuitant | Dec. 31, age 100 of Annuitant |
| **Registered*** | | |
| RRSP, LIRA, RLSP | up to Dec. 31, age 71 of owner | Dec. 31, age 71 of owner (but will continue to a RRIF, LIF or other similar retirement income Contract) |
| TFSA | up to Dec. 31, age 80 of owner | Dec. 31, age 100 of owner |
| RRIF, LRIF, PRIF, RLIF | up to Dec. 31, age 80 of owner | no age limit |
| LIF | up to Dec. 31, age 80 of owner (in most pension jurisdictions)** | no age limit (in most pension jurisdictions)** |

*Includes Contracts that are registered externally

**In pension jurisdictions where legislation requires a LIF to be annuitized at age 80, the latest age to deposit is December 31, age 70, and the latest age to own is December 31, age 80.

#### 2.1.1 Default Annuity

If the Contract is in force on the Maturity Date, and we have not been notified of a different maturity option, the **Contract will provide a single life annuity with a 10-year guarantee with you as Policyowner.**

### Terms of the annuity

The Default Annuity will be subject to the following provisions and, for registered Contracts, also subject to the applicable provisions of the *Income Tax Act* (Canada). Please refer to Section 13, Additional Retirement Savings Plan Provisions, of the Contract for the annuity provisions for registered Contracts.

- The annuity will be a single life annuity on the Annuitant's life.

- The annuity will provide annual income payments. The payments will be guaranteed for your life or for 10 years, except in the case of registered Contracts.
- The income payments will be equal, except in the case of registered contracts. Refer to Section 13, Additional Retirement Savings Plan Provisions, of the Contract for further details.
- The date of the first income payment will be such that a full year's worth of income payments are scheduled to be made in the calendar year following the year in which the Default Annuity provision applies.
- If you die after income payments commence and there is no named successor annuitant, the commuted value of any remaining income payments will be paid in one sum. This payment will be made to your named beneficiary, if there is one, otherwise to your estate.

The following is an annuity table that specifies what the minimum annuity payment will be per $10,000.00 of contract value at the time of annuitization. (For Quebec contracts only.)

| Age (last attained) | Annual rate per contract value |
|---|---|
| 50 | $153.85 |
| 55 | $166.67 |
| 60 | $181.82 |
| 65 | $200.00 |
| 70 | $222.22 |
| 75 | $250.00 |
| 80 | $285.71 |
| 85 | $333.33 |
| 90 | $400.00 |
| 95 | $500.00 |
| 100 | $666.67 |

This table reflects the minimum amount of the annuity. If the annuity rates are higher at the time of annuitization, the annual rates will be higher.

## 2.2 Non-registered Contracts

A Manulife GIF or GIF *encore* non-registered Contract may be purchased up to December 31 of the year in which the Annuitant attains age 80. A non-registered Contract may be held by a single individual, a corporation, or more than one individual in any form of ownership permitted under the applicable laws. The Annuitant or a third party may be an owner.

You may be able to transfer ownership of the Contract. A transfer of ownership must be in accordance with governing legislation and the administrative rules that we have in place at that time.

You cannot borrow money directly from a Manulife GIF or GIF *encore* non-registered Contract.

You may use a non-registered Contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person having a claim. An assignment of this Contract may restrict or delay certain transactions, including withdrawals, which are otherwise permitted.

## 2.3 Registered Contracts

Under a registered Contract, you are both the Policy owner and the Annuitant.

You cannot borrow money from the Contract. You cannot use the registered Contract as security for a loan or assign it to a third party (except TFSA).

The Contract will be registered under the provisions of the *Income Tax Act* (Canada). All deposits will be invested in "qualified investments" as defined under the provisions of the *Income Tax Act* (Canada).

### 2.3.1 Registered retirement savings plans (RRSPS)

You may hold and make investments in a Manulife GIF or GIF *encore* RRSP up until December 31 of the year that you attain age 71. Once you reach the end of the year that you attain age 71, you must convert the RRSP to:

i. a Registered Retirement Income Fund (RRIF) (if you hold locked- in Funds, a Locked-in Retirement Income Fund (LRIF) or Life Income Fund (LIF), Prescribed Retirement Income Fund (PRIF), Restricted Life Income Fund (RLIF) or any other locked-in plan as allowed under pension legislation, where applicable);
ii. an immediate annuity; or
iii. a cash withdrawal (if you have a LIRA or Locked-in RRSP you cannot take the proceeds in cash).

Unless you indicate otherwise, if the Contract is in force on December 31 of the year you turn 71, we will automatically amend the RRSP Contract to become a RRIF. If you hold a LIRA or RLSP Contract, the Contract will be amended to become a LIF or other locked-in Contract, subject to provincial legislation.

### 2.3.2 Spousal RRSP or RRIFs

If your spouse makes Deposits to an RRSP owned by you, it is a Spousal RRSP. You are the Policyowner and the Annuitant. A RRIF purchased with Funds transferred from a Spousal RRSP will be a Spousal RRIF.

#### 2.3.3 Life Income Funds (LIFs), Locked-in Retirement Income Funds (LRIFs), Prescribed Retirement Income Funds (PRIFs), and Restricted Life Income Funds (RLIFs)

You may purchase a LIF or other similar retirement income Contract, with Funds transferred from a locked-in registered savings arrangement. A LIF, LRIF, or RLIF are similar to a RRIF, but they also have a maximum annual income that can be paid out each year.

A LIF or other similar retirement income Contract may be issued at the ages permitted by the legislation governing the former pension plan.

Spousal rights prescribed under pension legislation are preserved when locked-in benefits are transferred to a LIF, or other similar retirement income Contract. Some jurisdictions may require that you obtain spousal consent or a spousal waiver form before the proceeds can be transferred to a LIF or other similar retirement income Contract.

Depending on the rules governing the former pension plan, a LIF may require you to purchase a life annuity with the balance of the Funds by Dec. 31 of the year in which you attain the age of 80. An LRIF, PRIF, RLIF and, under most provincial legislation, a LIF, can continue for your lifetime.

The LIF or other similar retirement income Contract will be registered under the RRIF provisions of the *Income Tax Act* (Canada). You are the Policyowner and Annuitant of the Contract.

#### 2.3.4 Tax-Free Savings Accounts (TFSAs)

A Manulife GIF or GIF *encore* TFSA Contract may be purchased up to December 31 of the year in which the Annuitant attains age 80. When referring to TFSAs, the TFSA “holder” and the Annuitant are the same.

You cannot borrow money directly from a Manulife GIF or GIF *encore* TFSA Contract.

You may use a TFSA Contract as security for a loan by assigning it to the lender. The rights of the lender may take precedence over the rights of any other person claiming a death benefit. An assignment of this Contract may restrict or delay certain transactions, including withdrawals, which are otherwise permitted.

# 3. Deposits

## 3.1 General Information

To establish a Manulife GIF or GIF *encore* Contract, you must Deposit a minimum of $2,500 or have a Pre-Authorized Chequing (PAC) Deposit of a minimum $100/month. The Contract Date is the Valuation Date of the first Deposit.

| | | |
|---|---|---|
| **Initial Deposit** | RSP, TFSA, Non-registered | $2,500 or monthly PAC |
| | LIRA, RIF, LIF, or other similar retirement income Contracts | $2,500 |
| | Dollar-Cost Averaging Fund | $5,000 |
| **Fund minimum** | All tax types | $500 per Fund per sales charge option |
| **Subsequent Deposits** | All tax types | $500 per Fund per sales charge option |
| | Dollar-Cost Averaging GIF minimum | $5,000 |
| **PAC Deposits** | All tax types | $50 per Fund per sales charge option |

You may make a Deposit under one of three sales charge options. Refer to Section 9, Fees and Charges, for more information.

We have the right to refuse to accept Deposits and limit the amount of Deposits to a Fund or Funds according to our administrative rules at the time. Deposits allocated to Series 1 Funds are only allowed where the monies are being transferred from existing Series 1 Funds. We have the right to limit the number of Manulife GIF or GIF *encore* Contracts held by you.

We have the right to request medical evidence of the health of the Annuitant based on our current administrative procedures, and refuse to accept Deposits based on incomplete or unsatisfactory medical evidence of the Annuitant.

You may have rescission rights under this Contract as described in Section 9, *Rescission*, of the Contract.

## 3.2 Making Deposits

You may make Deposits to a Manulife GIF or GIF *encore* Contract subject to the rules in place at that time. We will purchase Units at the Unit Value on the Valuation Date that is applicable to the Fund you have selected. For information on the Valuation Date of a Deposit, please see Section 8.2, Valuation Date. You may only make Deposits to Funds that are available in the Contract you have purchased. For example, if you hold a Manulife GIF Contract, you cannot request that we allocate a Deposit to a Fund that is only available under a Manulife GIF *encore* Contract, or vice-versa.

Please make the cheques payable to Manulife. All payments must be made in Canadian dollars.

If the payment comes back to us marked NSF (Not Sufficient Funds), we reserve the right to charge a fee to cover our expenses. We also reserve the right to attempt to make the withdrawal from your bank account a second time.

## 3.3 Regular Deposits (Pre-Authorized Chequing)

Regular Deposits are commonly referred to as Pre-Authorized Chequing or PAC and are made for the same amount monthly.

You may make regular Deposits to the Contract on any date from the 1st to the 28th of the month, or you may specify "the last day of the month." We then make regular withdrawals directly from your bank account.

We have the right to cancel the regular Deposits at any time, or direct the regular Deposits to a Similar Fund. For example, this may occur if we close a Fund or restrict new Deposits to a Fund. In this situation, Manulife will provide you with advance notice of our intent and the options that are available to you.

The regular Deposit option is not available for LIRA, RLSP, RRIF, LIF, or other similar retirement Contracts.

# 4. Fund Switches

## 4.1 General Information

You may request a Fund switch of monies between Funds on an unscheduled or a scheduled basis. Fund switches may be made between Funds of the same sales charge option (i.e. Front-end to Front-end, Back-end to Back-end) or from a No-load option Fund.

Fund switches do not affect the guarantee amounts and dates. When you request a Fund switch between Funds, it is the Deposits that have been in the Fund the longest that are switched first.

Moving money between Funds in different sales charge options may incur sales and/or redemption fees, and impact guarantees. For example, moving from a Back-end option Fund to a Front-end option Fund will incur charges, as it will be treated as a redemption of the Back-end option Fund, and a purchase of the Front-end option Fund. Guarantees may also be affected.

Fund switches and transfers between Funds may result in a gain or a loss since they create a taxable disposition. Please see Section 11, Tax Information, for more information.

Fund switches are not permitted between two different Contracts. For example, you cannot request a Fund switch from a Fund in a GIF Contract to a Fund in a GIF *encore* Contract, or vice-versa.

The value of the Units of a Fund that are redeemed as a result of a Fund switch fluctuates with the Market Value of the underlying assets and is not guaranteed. You should contact your advisor before switching to a different Series.

## 4.2 Unscheduled Fund Switches

You may request a Fund switch of monies between Funds on an unscheduled or a scheduled basis. Fund switches may be made between Funds of the same sales charge option (i.e. Front-end to Front-end, Back-end to Back-end) or from a No-load option Fund.

Fund switches do not affect the guarantee amounts and dates. When you request a Fund switch between Funds, it is the Deposits that have been in the Fund the longest that are switched first.

Moving money between Funds in different sales charge options may incur sales and/or redemption fees, and impact guarantees. For example, moving from a Back-end option Fund to a Front-end option Fund will incur charges, as it will be treated as a redemption of the Back-end option Fund, and a purchase of the Front-end option Fund. Guarantees may also be affected.

Fund switches and transfers between Funds may result in a gain or a loss since they create a taxable disposition. Please see Section 11, Tax Information, for more information.

Fund switches are not permitted between two different Contracts. For example, you cannot request a Fund switch from a Fund in a GIF Contract to a Fund in a GIF *encore* Contract, or vice-versa.

**The value of the Units of a Fund that are redeemed as a result of a Fund switch fluctuates with the Market Value of the underlying assets and is not guaranteed. You should contact your advisor before switching to a different Series.**

You may request a Fund switch of monies between Funds (within the same sales charge option) in the Contract up to five times per calendar year free of charge. You may switch monies from a Series 1 Fund to a Series 2 Fund, however, switches are not permitted from a Series 2 Fund into a Series 1 Fund. A switch from a Series 1 Fund to a Series 2 Fund will result in lower Maturity Guarantees. Refer to Section 6, Guarantees, for more information.

We reserve the right to charge an administrative fee of up to 2% of the value of the Units or disallow Fund switches, if you request Fund switches in excess of five per calendar year or if you request a withdrawal or Fund switch of Units from a Fund within 90 days of allocating a Deposit to the Fund.

## 4.3 Regular Scheduled Fund Switches

You may request regularly scheduled monthly Fund switches between the various Funds in the Contract, on any Date from the 1st to the 28th of the month, or you may specify "the end of the month." There is no administrative fee for scheduled Fund switches.

You can arrange for scheduled Fund switches if you have a lump sum deposited into one Fund and you would like to make regularly scheduled investments into another Fund(s). The Units of the Fund with the lump sum Deposit are redeemed and the proceeds are used to purchase Units of the new Fund(s).

We have the right to cancel the scheduled Fund switches at any time or direct the scheduled Fund switches to a Similar Fund, according to the administrative rules that we have in place at the time. For example, this may occur if we close a Fund or restrict new Deposits to a Fund. In this situation, Manulife will provide you with advance notice of our intent and the options that are available to you.

## 4.4 Dollar-Cost Averaging Fund (DCA)

All Deposits to a Dollar-Cost Averaging Guaranteed Investment Fund (DCAP Fund) will be administered in accordance with current administrative rules. Upon receipt of the Deposit and any documentation that we may require, we will Deposit the amount to the DCA Fund in the Contract. You are not permitted to request we Fund switch monies from existing Funds within the Contract to the DCA Fund. We reserve the right to close the DCA Fund to new Deposits, or limit the number of Funds you may request we Fund switch into.

You must select a day of the month (subject to our current administrative rules) that you would like the monthly switch to occur. If the day of the monthly switch falls on a non-Valuation Day, the monthly switch will use the Unit Values as of the next Valuation Day.

You may choose a minimum of six and a maximum of 12 monthly switches from the DCA Fund. There is no administrative fee for monthly switches from the DCA Fund and they do not count towards the maximum number of free Fund switches permitted within the Contract.

Beginning on the day of the first monthly switch, and for the number of monthly switches you have selected, an equal number of Units purchased in the DCA Fund will be switched monthly to the Fund(s) you have selected. For example, if you Deposit $10,000 into the DCA Fund with a Unit Value of $10 on the date of the Deposit, you will have 1,000 Units. If you choose 10 monthly switches, 100 Units a month will be switched (1,000 Units/10 months) to the Fund(s) you have selected. You may request to switch to other Fund(s) within the Contract, to withdraw amounts in cash, or to transfer to another financial institution at any time.

Following a withdrawal or a non-scheduled Fund switch out of the DCA Fund, the monthly switches will continue unchanged if there are sufficient Units in the Fund. However, if there are insufficient Units remaining in the DCA Fund at the time of a monthly switch, the amount of Units remaining will be switched that month. Immediately following the last Fund switch from the DCA Fund, the balance in the DCA Fund will be zero.

You can make additional Deposits to the existing DCA Fund at any time by providing the information required by us. At the time of an additional Deposit, you must select the number of monthly switches (minimum of six, maximum of 12) and indicate the Fund allocations. The new Fund allocations will override any previous Fund selections. You may also select a new switch day, subject to our then current administrative rules. An additional Deposit will be added together with the existing monies in the DCA Fund. The amount of the automated monthly switch will be recalculated at the time of an additional Deposit to be a) the number of existing Units currently allocated in the DCA Fund plus the number of new Units purchased with the additional Deposit, divided by b) the number of monthly switches you have selected. For example, if you currently hold 500 Units of the DCA Fund and you make a Deposit that purchases 200 additional Units, you will hold 700 Units in the DCA Fund. If you choose a new monthly switch period of 7 months, 100 Units a month will be switched automatically (700 Units/7 months) to the most recent Fund(s) you have selected.

# 5. Withdrawals

## 5.1 General Information

You may request, in writing, a withdrawal on an unscheduled basis or on a scheduled basis. If you are the Policyowner of a RRIF, LIF or other similar retirement income Contract, you will have scheduled payments made to you.

| | **Contract Minimums** | **Fund Minimums** |
|---|---|---|
| **Unscheduled Withdrawal** | | |
| | $500 | $500 or balance of Fund if less |
| **Scheduled Withdrawal or Payment** | | |
| Non-registered, TFSA, RRIF, LIF, or other similar retirement income Contracts | $100/month RRIF minimum amount | $100 no minimum |
| **Minimum Balance** | | |
| | $2,500 | $500 |

Any fees or withholding taxes that you must pay are deducted from the withdrawal request. The minimum withdrawal amounts are calculated before withdrawal fees and withholding taxes are deducted.

If the value of the Fund(s) on a Valuation Date is not sufficient to permit us to make the requested withdrawal, we will make the withdrawal according to our administrative rules in place at that time. We have the right to either refuse a withdrawal, or require that the entire Contract be redeemed if the minimum balance requirements are not met.

**Withdrawals will proportionally reduce the Death and Maturity Guarantees.** Withdrawals may result in a gain or a loss since they create a taxable disposition to the owner of the Contract. Please see Section 11, Tax Information, for more information.

**The value of the Units of a Fund that are redeemed fluctuates with the Market Value of the underlying assets and is not guaranteed.**

## 5.2 Unscheduled Withdrawals

An unscheduled withdrawal is a one-time withdrawal made following your request.

We reserve the right to charge a fee of up to 2% (of the Value of the Units) if you request a withdrawal or Fund switch Units from a Fund within 90 days of acquiring them. Please see Section 5.6, Early Withdrawal Fees, for more information.

## 5.3 Scheduled Withdrawals

Scheduled withdrawals may be taken from a non-registered, RRIF, LIF or other similar retirement income Contract. They are not available from a RRSP, LIRA, or RLSP Contract unless permitted by applicable pension legislation.

Scheduled withdrawals are commonly referred to as Systematic Withdrawal Plans or "SWPs".

You may request the scheduled withdrawal be monthly, quarterly, semi-annually, or annually from the Contract. You have the flexibility to choose the amount you will receive and when you receive it.

You may receive scheduled payments from the Contract on either the 15th or end of the month. We will Deposit the scheduled payment directly into your bank account.

## 5.4 RRIF, LIF, LRIF, PRIF, or RLIF Scheduled Payment Options

**Minimum amount**

The RRIF minimum amount is calculated by multiplying the Market Value of the Contract on January 1 of each year by the percentage determined by the formula stated in the *Income Tax Act* (Canada). The percentage may be based on your age or your spouse's age, as elected at the time you purchased the Contract.

In the year you purchase the RRIF, LIF, or other similar retirement income Contract, you are not required to make a withdrawal from the Contract. For calendar years following the year you purchased the Contract, you will be required to have at least the RRIF minimum amount paid to you.

**Level – Client-specified amount**

You choose the payment amount you wish to receive. Each scheduled payment will be of an equal amount for the payment frequency selected.

The payment amount selected for a year must be equal to or greater than the RRIF minimum amount, and for LIF, LRIF, or RLIF Contracts, not greater than the LIF/LRIF/RLIF maximum amount.

**Indexed – Client-specified amount indexed annually**

Starting with the first payment date, we will pay you the amount you have specified. Beginning with the year following the first payment date, the payment amount will be increased by the annual index rate you have chosen.

The payment amount for a year must be equal to or greater than the RRIF minimum amount, and for LIF, LRIF, and RLIF Contracts, not greater than the LIF/LRIF/RLIF maximum amount.

**Maximum amount (for LIF, LRIF and RLIF only)**

The maximum payment amount for the LIF, LRIF, and RLIF is calculated in accordance with the formula specified by applicable legislation. For the initial calendar year, the maximum amount may be pro-rated based on the number of months the Deposit is held in the Contract. Each scheduled payment will be of an equal amount.

**Year-end payment**

If the total of the scheduled payments and unscheduled withdrawals in a calendar year is less than the RRIF minimum amount for that year, we are required to make a payment to you at the end of a calendar year to meet the RRIF minimum amount.

## 5.5 Charge-free Withdrawals

### 5.5.1 Front-end Option or No-load Option

There are no redemption charges for withdrawals applicable to the Front-end or No-load option Funds, unless you request a withdrawal within the first 90 days from the Contract purchase. Please refer to Section 5.6, Early Withdrawal Fees.

### 5.5.2 Back-end Option

There are no redemption charges for withdrawals from the Back-end option Funds up to the charge-free withdrawal limit for the Contract.

The charge-free withdrawal limit is calculated as a percentage of the Market Value of the Back-end option Funds as of the previous December 31 plus, a percentage of the Deposits made in the current calendar year. The calculation only applies to monies in the Back-end option Funds. Please see Section 9.3, Back-end options.

| | % of December 31 market value* | % of current year reposits* |
|---|---|---|
| Non-registered, RRSP, TFSA, and LIRA contracts | 10% | 10% |
| RRIF, LIF or other similar retirement income Contracts** | 20% | 20% |

*Back-end option funds only
**Includes contracts that are registered externally

**Example:** If the Market Value of the RRIF Contract (Back-end option Funds) on the previous December 31 was $70,000, and you have current calendar year Deposits of $5,000, the charge-free withdrawal limit for the current calendar year is $15,000 [($70,000 x 20%) + ($5,000 x 20%)].

Any unused portion of the charge-free amount cannot be carried forward to the next calendar year.

## 5.6 Early Withdrawal Fees

We may apply early withdrawal fees of 2% of the Deposit Value if you request a withdrawal within 90 days of allocating a Deposit to a Fund. This fee will not apply to scheduled payments from a RRIF, LIF, or other similar retirement income Contract, or to regular withdrawals (SWPs). This fee will be in addition to any Back-end sales charge that may apply.

### 5.7 Recovery of Expenses or Investment Losses

The fees and charges described in this Information Folder are the only ones that you will be charged for the day-to-day activities of the Contract. If, however, you make an error (e.g. an NSF cheque), we reserve the right to charge you for any expenses or investment losses that occur as a result of the error. Any charges passed on to you will be commensurate with any expenses or losses incurred by us. These expenses or investment losses might be caused by, among other things, NSF (Not Sufficient Funds) payments, or incorrect or incomplete instructions.

# 6. The Guarantees

### 6.1 General Information

The following terms will be used to explain the guarantees applicable to the Manulife GIF or GIF *encore* Contract.

**"Anniversary Date"** is the anniversary of the initial Deposit to the Contract. The date of the first Deposit or Fund switch to a different series will create a second anniversary date for the Contract. An anniversary date will occur every year on the same date(s) for each series. For example, if your initial Deposit is a transfer from an existing Series 1 Fund to a Series 1 Fund and it occurs on June 1st, your anniversary date for Series 1 Funds will be June 1st every year. If you then allocate a Deposit or a Fund switch to Series 2 Funds on September 10th, you will create a second anniversary date on September 10th every year.

**For a GIF contract only, if you request a reset of the guarantees, the anniversary date (for both series, if applicable) will be measured from the reset date.**

**"Policy year".** The first policy year for either Series 1 or Series 2 Funds begins the date you invest, by Deposit or Fund Switch, in that Series. The first policy year for each Series ends on the anniversary date of the investment into that series of Funds. If you have money invested in both Series 1 and Series 2 Funds, you will have two different sets of policy years. For example, if your initial deposit is a transfer from an existing Series 1 Fund to a Series 1 Fund on September 1st and you make an additional Deposit to a Series 2 Fund on October 1st, you will have a policy year running from September 1st to September 1st and a policy year running from October 1st to October 1st the first year. For each subsequent year, you will have a policy year running from September 2nd to September 1st and a policy year running from October 2nd to October 1st.

**"Reset Date"** is the date that you request a reset of the guarantees of the Contract. This is applicable to a GIF Contract only. Please see Section 6.5, Resetting the GIF Guarantees, for information about resetting the guarantees.

All guarantees will be proportionately reduced for any withdrawals from the Contract. See Section 6.9, Withdrawals and the Guarantee, for information on how withdrawals affect the guarantees.

**Please note that no amounts are guaranteed prior to their respective Deposit Maturity Dates except on the Contract Maturity Date, or upon the death of the last surviving Annuitant.**

### 6.2 Maturity and Death Benefit Guarantees—General Information

The Contract provides a guarantee on a Deposit Maturity Date and upon the death of the last surviving Annuitant.

If the guarantee amount is higher than the current Market Value:

- On a maturity date, or
- Upon death of the last surviving Annuitant

We will increase the value of the Contract to equal the guarantee amount by depositing the difference to a money market Fund. This Deposit is known as a "top-up." Please see Section 11.2.1, Taxation of Guarantee "top-up", (non-registered) and Section 11.3.1, Taxation of Guarantee "top-up", (registered) for more information on top-ups.

On the Deposit Maturity Date, the Deposit Guarantee will be renewed for a further 10 years, unless we are notified otherwise in writing, in advance of the Deposit Maturity Date. The new Deposit Maturity Date will be 10 years after the initial Deposit Maturity Date. The new Maturity Guarantee amount will be the greater of the Maturity Guarantee, or the current Market Value of Series 1 Funds or 75% of the current Market Value for Series 2 Funds. The Deposit Maturity Date may continue to rollover until you reach the Closing Decade, at which point the term may be less than 10 years. See the Appendix for examples that illustrate how 10-year terms rollover.

The death benefit date is the Valuation Date on which we receive sufficient notification of death of the last surviving Annuitant. Please see Section 8.2, Valuation Date, for more information. Notification requirements are detailed in our administrative procedures. When Manulife receives all required documentation of the last surviving Annuitant's death, the death benefit will be payable to the beneficiaries. **No back-end fees apply to a death benefit.**

Upon the death of the last surviving Annuitant, the death benefit will be the greater of the Death Benefit Guarantee amount (reduced proportionately for withdrawals), or the Market Value on the death benefit date. If you have made Deposits in more than one policy year, this calculation will be completed for each policy year.

As of the death benefit date, we will redeem all Units of the existing Funds and transfer the corresponding value to a money market Fund. However, if you hold a non-registered or TFSA Contract or a RRIF, LIF, or similar retirement income Contract, and you have named a successor Annuitant, the Contract may continue and all investments will remain invested in the Funds currently held. See Section 12.3, Non-registered Contracts, and 12.4, Registered Contracts, for more information on successor owners and successor Annuitants.

The Contract is frozen as at the death benefit date and no additional transactions are permitted, unless the transaction was initiated before the death benefit date. Any unallocated Deposits or returned payments will be used to purchase Units of a money market Fund.

The Death Benefit Guarantee will be adjusted for any Deposits received or payments made after the death benefit date. Payment of the death benefit will discharge our obligations under the Contract.

**Example: Maturity Guarantee (for GIF and GIF *encore* Contracts)**

Assume you are 55 years old with an initial Deposit of $10,000 to Series 2 Funds on January 15, 2008. You make additional Deposits as indicated below. The guarantee works as follows:

| **Deposit date** | **Deposit amount** | **Deposit maturity date** | **Accumulative maturity guarantee** |
|---|---|---|---|
| **Policy year 1 ( Jan. 15, 2008 - January 15, 2009)** | | | |
| Jan. 15, 2008 | $10,000 | Jan. 15, 2018 | $ 7,500 |
| Aug. 2, 2008 | $ 4,000 | Jan. 15, 2018 | $10,500 |
| **Deposit Value (Total Deposits in Policy Year)** | $14,000 | Jan. 15, 2018 | $10,500 |
| **Policy year 2 (Jan. 16 2009 - Jan. 15, 2010)** | | | |
| July 23, 2009 | | | |
| Oct. 10, 2009 | | | |
| Nov. 25, 2009 | | | |
| **Deposit Value (Total Deposits in Policy Year)** | | | |

**Maturity Guarantee Summary**

There are two guarantee amounts and two guarantee dates: $10,500 guaranteed on Jan. 15, 2018
$4,500 guaranteed on Jan. 15, 2019

# The GIF Guarantees

**The following Sections 6.3 to 6.5 apply to you if you hold a GIF Contract.**

**If you hold a GIF *encore* Contract, refer to Sections 6.6, How the GIF *encore* Maturity Guarantee is calculated your death, and Section 6.7, How the GIF *encore* Death Benefit Guarantee is Calculated for information on calculating the guarantees.**

## 6.3 How the GIF Deposit Maturity Guarantee is Calculated

The Deposit Maturity Guarantee is calculated at the time of Deposit to be 100% of the Deposit Value if your Deposit is allocated to Series 1 Funds and 75% of the Deposit Value to Series 2 Funds.

All Deposits made in a single policy year in each Series will be grouped together and will share the same maturity date. If you make Deposits in either Series in more than one policy year, you will have different maturity dates.

If you make Deposits in a policy year that begins in the Closing Decade (or a rollover of an existing guarantee occurs in the Closing Decade), the new Deposit Maturity Date will be the Contract Maturity Date and the new Deposit Maturity Guarantee will be 80% of the Deposit Value, for Series 1 Funds.

If you hold an RRSP, LIRA, or RLSP Contract, the guarantee amounts and guarantee dates automatically extend into a RRIF, LIF or other similar retirement income Contract. Please see Section 6.10, RRSP to RRIF Guarantee Transition, for more information. If you switch from a Series 1 Fund to a Series 2 Fund, your Deposit Maturity Guarantee will be recalculated at the time of the Fund switch. Your new Deposit Maturity Guarantee for the Funds you are switching will be 75% of the Deposit Maturity Guarantee. The Deposit Maturity Date will be unchanged.

## 6.4 How the GIF Death Benefit Guarantee is Calculated

The Death Benefit Guarantee is determined at the time of Deposit to be 100% of the Deposit Value. The death benefit calculation is the same for Deposits made to Series 1 Funds and Series 2 Funds on the death benefit date, the death benefit is determined as the sum of:

A. for each policy year of Series 1 Funds, the greater of:

i. the Death Benefit Guarantee, and

ii. the current Market Value of the Units representing the Deposit Value applicable to that policy year.

plus

B. for each policy year of Series 2 Funds, the greater of:

i. the Death Benefit Guarantee, and

ii. the current Market Value of the Units representing the Deposit Value applicable to that policy year.

The Death Benefit Guarantees are proportionately reduced for withdrawals.

## 6.5 Resetting the GIF Guarantees

If you have Deposits allocated to both Series 1 and Series 2 Funds and you elect to reset your guarantees, you will reset the Deposit Maturity Guarantees in both your Series 1 and Series 2 Funds.

You cannot reset only one series of Funds within your Contract. Following a reset, there will be one Maturity Guarantee amount and one Death Benefit Guarantee amount for each Series. The maturity date will be 10 years from the reset date. Both series will have the same maturity date 10 years from the reset date. A reset of both series of Funds only counts as one reset towards the maximum resets allowed for a calendar year under your Contract or our administrative rules

**Maximum resets available to the Manulife GIF Contract per calendar year**

| **Annuitant's Age** | **Resets available** |
|---|---|
| Up to the day before the Annuitant's 70th birthday | 2 |
| From the 70th birthday to the day before 90 | 1 |
| From the 90th birthday forward | 0 |

**Example:** Assume that the Annuitant under the Contract is 69 years old. During the calendar year you have used one of the allowable resets. If the Annuitant turns age 70 in that calendar year, you will not have any resets available for the remainder of that calendar year. Beginning the following January 1, you will be entitled to one reset per calendar year until the Annuitant attains age 90.

**New Maturity guarantee**

For each policy year of Series 1 Funds, we take 100% of the greater of i) the Deposit Value, or ii) the corresponding Market Value on the reset date. Then, we add the greater of these amounts for each policy year to determine a new Deposit Maturity Guarantee amount for your Series 1 Funds. The new amount is guaranteed on the new Deposit Maturity Date, which is set for 10 years from the reset date. For each policy year of Series 2 Funds, we take 75% of the greater of i) the Deposit Value, or ii) the corresponding Market Value on the reset date. Then, we add the greater of these amounts for each policy year to determine a new Deposit Maturity Guarantee amount for your Series 2 Funds. The new amount is guaranteed on the new Deposit Maturity Date, which is set for 10 years from the reset date.

**New death benefit guarantee**

For the new Death Benefit Guarantee, we take the greater of 100% of the Deposit Value or 100% of the Market Value for each policy year of Deposits. Then we add together the greater of these amounts for each policy year to arrive at the new Death Benefit Guarantee amount.

**New death benefit guarantee**

For the new Death Benefit Guarantee, we take the greater of 100% of the Deposit Value or 100% of the Market Value for each policy year of Deposits. Then we add together the greater of these amounts for each policy year to arrive at the new Death Benefit Guarantee amount.

**Example: Guarantee reset**

Assume you are 45 years old and have allocated Deposits to Series 2 Funds in a non-registered Contract. Since you have made Deposits to the Contract in three different policy years, there will be three Maturity Guarantee amounts and three Death Benefit Guarantee amounts. You then request to reset the Contract on July 22, 2005.

| Deposit Value (DV) | Maturity Guarantee Amount | Death Benefit Guarantee Amount | Market Value (MV) at July 22, 2005 (Reset Date) | Maturity Guarantee Calculation | Death Benefit Calculation |
|---|---|---|---|---|---|
| $5,000<br>Policy year 1:<br>Dec.1, 2001–Dec.1, 2002 | $3,750 | $5,000 | $8,000 | $6,000<br>(greater of 75% of DV or 75% of MV) | $8,000<br>(greater of 100% of DV or 100% of MV) |
| $4,000<br>Policy year 2:<br>Dec.2, 2002–Dec.1, 2003 | $3,000 | $4,000 | $5,000 | $3,750<br>(greater of 75% of DV or 75% of MV) | $5,000<br>(greater of 100% of DV or 100% of MV) |
| $8,000<br>Policy year 3:<br>Dec.2, 2003–Dec.1, 2004 | $6,000 | $8,000 | $7,500 | $6,000<br>(greater of 75% of DV or 75% of MV) | $8,000<br>(greater of 100% of DV or 100% of MV) |
| | | | **The new guarantees:** | **$15,750** | **$21,000** |

**The Guarantee Summary**

Following the reset of the Contract on July 22, 2005, there will be one Maturity Guarantee of $15,750 on July 22, 2015 and one Death Benefit Guarantee of $21,000.

Even if you do not initiate any available resets during the 10-year guarantee period, the Deposit Guarantee will be automatically reset on the Deposit Maturity Date to a new 10-year guarantee using the same reset calculations applicable to the Contract.

We reserve the right to refuse a request for a reset (other than the 10-year automatic reset), or to change the reset features, according to the administrative rules we have in place at that time.

# The GIF *encore* Guarantees

**The following Sections 6.6 and 6.7 apply to you if you hold a GIF *encore* Contract.**

**If you hold a GIF Contract, refer to Section 6.3, How the GIF Deposit Maturity Guarantee is calculated, to Section 6.5, Resetting the GIF Guarantees, for information on calculating the guarantees.**

**The 4% escalation feature described in this Section applies only to the Death Benefit Guarantee. The escalation feature does not apply to the Maturity Guarantee or the Market Value of this Contract.**

## 6.6 How the GIF *encore* Maturity Guarantee is Calculated your Death.

The Deposit Maturity Guarantee is calculated at the time of Deposit to be 100% of the Deposit Value for the Series 1 Funds and 75% of the Deposit Value for the Series 2 Funds.

All Deposits made in a single policy year in each Series will be grouped together and will share the same maturity date. If you make Deposits in either Series in more than one policy year, there will be different maturity dates.

If you make a Deposit in a policy year that begins in the Closing Decade (or a rollover of an existing guarantee occurs in the Closing Decade), the new maturity date will be the Contract Maturity Date.

If you hold an RRSP, LIRA, or RLSP Contract, the guarantee amounts and guarantee dates automatically extend into a RRIF, LIF, or other similar retirement income Contract. Please see Section 6.10, RRSP to RRIF Guarantee Transition, for more information. If you switch from a Series 1 Fund to a Series 2 Fund your Deposit Maturity Guarantee will be recalculated at the time of the Fund switch. Your new Deposit Maturity Guarantee for the Funds you are switching will be 75% of the Deposit Maturity Guarantee. The Deposit Maturity Date will be unchanged.

## 6.7 How the GIF *encore* Death Benefit Guarantee is Calculated

The death benefit calculations are the same for Series 1 and Series 2 Funds. If you have Deposits allocated to both series of Funds, the Death Benefit Guarantee will be calculated on the anniversary date applicable to each series. For example, if your anniversary date for your Series 1 Funds is May 3rd and your anniversary date for your Series 2 Funds is October 20th, on May 3rd every year your Death Benefit Guarantee will be calculated for your Series 1 Funds. On October 20th every year, your Death Benefit Guarantee will be calculated for your Series 2 Funds. This calculation occurs each Anniversary Date until the Annuitant's 80th birthday.

**Initial policy year calculation**

During the initial policy year and prior to the first policy anniversary, the Death Benefit Guarantee is 100% of the Deposit Value.

**Policy anniversary calculation – death benefit guarantee**

On each policy anniversary, we will calculate the Death Benefit Guarantee for each policy year of Deposits. The Death Benefit Guarantee for each policy year will equal the greater of:

a. the Deposit Value (proportionately reduced for withdrawals) for each policy year multiplied by the escalating death benefit percentage (shown in Table 6A) applicable to that policy year, or

b. the Market Value of the Units of the Contract corresponding to the Deposit Value on the policy anniversary, or

c. the existing Death Benefit Guarantee calculated at the previous policy anniversary (proportionately reduced for withdrawal

**Table 6A**

**Escalation Percentage Chart – Manulife GIF *encore* Contracts**

| Duration of Policy | Death Benefit |
|---|---|
| Escalation Percentage | 100% of Deposit Value |
| 1st Policy Anniversary | 104% of Deposit Value |
| 2nd Policy Anniversary | 108% of Deposit Value |
| 3rd Policy Anniversary | 112% of Deposit Value |
| 4th Policy Anniversary | 116% of Deposit Value |
| 5th Policy Anniversary | 120% of Deposit Value |
| 6th Policy Anniversary | 124% of Deposit Value |
| 7th Policy Anniversary | 128% of Deposit Value |
| 8th Policy Anniversary | 132% of Deposit Value |
| 9th Policy Anniversary | 136% of Deposit Value |
| 10th Policy Anniversary | 140% of Deposit Value |

**Example: Policy Anniversary Calculation – Death Benefit Guarantee**

Assume that you are 50 years old and you deposit $100,000 into a GIF *encore* Contract (non-registered or registered) on August 1, 2001, and that there are no subsequent Deposits or withdrawal requests. Note that, in this example, market returns have averaged less than 3% per annum over the first 10 years of the policy. This example illustrates the advantage of the escalating death benefit in a slow-growth market.

On August 1, 2006, the Death Benefit Guarantee was calculated to be $125,000, based on the Market Value of the Contract that year. This Death Benefit Guarantee will be effective until the next policy anniversary date. Our example shows that, in the following year, the market dropped significantly and the Market Value of the GIF *encore* Contract declined to $111,000. In the same year, the escalating death benefit was calculated at $124,000. The existing death benefit from the year before was $125,000. Therefore, the Death Benefit Guarantee, calculated August 1, 2007, is $125,000 and will be in effect until the next anniversary date.

| Initial ten years anniversary date | Deposit value | Market value (A) | Escalating death benefit (B) | Previous death benefit (C) | New death benefit guarantee (greater of A, B, and C) |
|---|---|---|---|---|---|
| Aug. 1, 2001* | $100,000 | $100,000 | N/A | N/A | $100,000 (initial deposit) |
| Aug. 1, 2002 | $0 | $103,000 | $104,000 | $100,000 | $104,000 |
| Aug. 1, 2003 | $0 | $105,000 | $108,000 | $104,000 | $108,000 |
| Aug. 1, 2004 | $0 | $111,000 | $112,000 | $108,000 | $112,000 |
| Aug. 1, 2005 | $0 | $117,000 | $116,000 | $112,000 | $117,000 |
| Aug. 1, 2006 | $0 | $125,000 | $120,000 | $117,000 | $125,000 |
| Aug. 1, 2007 | $0 | $111,000 | $124,000 | $125,000 | $125,000 |
| Aug. 1, 2008 | $0 | $115,000 | $128,000 | $125,000 | $128,000 |
| Aug. 1, 2009 | $0 | $117,000 | $132,000 | $128,000 | $132,000 |
| Aug. 1, 2010 | $0 | $120,000 | $136,000 | $132,000 | $136,000 |
| Aug. 1, 2011 | $0 | $130,000 | $140,000 | $136,000 | $140,000 |
| **Subsequent decade begins August 1, 2011** | | | | | |
| Aug. 1, 2011 | $130,000* | N/A | $140,000 | $140,000 | $140,000 |
| Aug. 1, 2012 | $0 | $135,200 | $140,000 | $140,000 | $140,000 |
| Aug. 1, 2013 | $0 | $140,400 | $140,000 | $140,000 | $140,400 |
| Aug. 1, 2014 | $0 | $145,600 | $140,400 | $140,400 | $145,600 |

*Since the Market Value at the end of 10 years is $130,000, this becomes the Deposit Value for the subsequent decade of the Contract. Note as well, how the existing Death Benefit Guarantee of $140,000 at the end of the initial 10 years was brought into the subsequent decade.

**Age 80 calculation**

The annual automatic reset of the Death Benefit Guarantee applies for all tax types until the Annuitant's 80th birthday. The Death Benefit Guarantee will be recalculated and will replace the previous guarantee. At this age, the annual policy anniversary calculation stops. The Death Benefit Guarantee for each policy year will equal the greater of:

c. 100% of the Deposit Value at the beginning of the most recent 10-year term (proportionately reduced for withdrawals), or
d. 100% of the Market Value of the Units of the Contract representing the above Deposit Value.

This Death Benefit Guarantee will remain in effect until the end of the 10-year term.

For new Deposits and on every 10-year maturity date following the Annuitant's 80th birthday, the Death Benefit Guarantee becomes 100% of the new Deposit Value.

**Example:** On the Annuitant's 80th birthday, the following information is available on the non-registered Contract:

| | Scenario #1: The market value is higher than the current death benefit guarantee | Scenario #2: The market value is lower than the current death benefit guarantee |
|---|---|---|
| Deposit Value at the beginning of the most recent 10-year term | $25,000 | $25,000 |
| Current Market Value | $35,000 | $28,000 |
| Death Benefit Guarantee at most recent anniversary | $31,000 | $31,000 |
| New Death Benefit Guarantee on the Annuitant's 80th birthday | $35,000 | $28,000 |

## The following Sections apply to both Manulife GIF and Manulife GIF *encore* Contracts.

## 6.8 Fund Switches and the Guarantee

Fund switches between Funds within the same sales charge option (or from the No-load option) do not affect the Deposit Maturity Guarantee unless you are switching from Series 1 to Series 2 Funds. If you switch Funds from a Series 1 Fund to a Series 2 Fund, your Deposit Maturity Guarantee will be reduced. Your Deposit Maturity Guarantee will be recalculated at the time of a Fund switch to be 75% of the guarantee applicable to the monies being switched.

A Fund switch will not affect the Maturity Guarantee Date or the Death Benefit Guarantee amount.

Additionally, the age of the monies that you are requesting to be switched is not affected.

When you request Fund switches between Funds, it is the Deposits that have been in the Fund the longest that are switched first.

**Example of a Fund switch from a Series 1 to a Series 2 Fund**

If your Contract has the following attributes on November 2, 2009:

After a fund switch of the entire amount to a Series 2 Fund on November 2, 2009, this is what your Contract will look like:

| **Series 1 Fund as of November 2, 2009** | | **Series 2 Fund as of November 2, 2009 (immediately following the Fund switch)** | |
|---|---|---|---|
| Original investment into Series 1 Funds on February 15, 2009 | $20,000 | Current Market Value | $22,000 (unchanged) |
| | | Deposit Maturity Date | February 15, 2019 (unchanged) |
| Current Market Value | $22,000 | Deposit Maturity Guarantee | $15,000 or Market Value, whichever is greater (75% of previous Maturity Guarantee) |
| Deposit Maturity Date | February 15, 2019 | | |
| Deposit Maturity Guarantee | $20,000 or Market Value, whichever is greater | | |
| Death Benefit Guarantee | $20,000 or Market Value, whichever is greater | Death Benefit Guarantee | $20,000 or Market Value, whichever is greater (unchanged) |

## 6.9 Withdrawals and the Guarantee

**Annual Total Income Amount ("Total Income Amount")**

Every time that you make a withdrawal request (including scheduled withdrawals), there is a proportional reduction in the Deposit Value used to calculate the guarantees. The proportional reduction is calculated based on the Market Value at the time of withdrawal. For example, in a situation where all Units had been purchased at the same time, if the amount withdrawn from a specific policy year is equal to 25% of the Market Value of that policy year on the date of withdrawal, the Deposit Value applicable to that policy year is reduced by 25%. At the Deposit Maturity Date you will still receive the greater of the new Maturity Guarantee or Market Value.

Withdrawals are made on a first-in, first-out basis, by policy year. A withdrawal may include Funds attributable to different policy years and each relevant guarantee will be adjusted.

Withdrawals do not affect the Deposit Maturity Dates.

The reduction in the value of the guarantee amount as a result of withdrawals will be calculated as follows:

Reduction in the value of the guarantee amount = **G x W/MV** where:

**W** = Market Value of Units withdrawn applicable to that policy year;

**MV** = Total Market Value of the Units applicable to that policy year prior to withdrawal;

**G** = Guarantee applicable to that policy year prior to withdrawal.

The new guarantee amount is the original guarantee amount prior to withdrawal minus the calculated reduction in the value of the guarantee amount for that policy year.

**Example:** You make a Deposit of $5,000 to the Contract and it has a current Market Value of $8,000. The Death Benefit Guarantee immediately prior to the withdrawal is $5,000 and the Maturity Guarantee is $3,750 (Series 2 Funds). You request a withdrawal of $800. The reduction of the guarantee works as follows:

| | |
|---|---|
| Maturity Guarantee (Series 2 Funds): | $3,750 |
| Death Benefit Guarantee: | $5,000 |
| Market Value: | $8,000 |
| Reduction in Maturity Guarantee: | $3,750 x $800/$8,000 = $375 |
| Reduction in Death Benefit Guarantee: | $5,000 x $800/$8,000 = $500 |

New Maturity Guarantee: $3,750 – $375 = $3,375

New Death Benefit Guarantee: $5,000 – $500 = $4,500

## 6.10 RRSP to RRIF Guarantee Transition

If you hold an RRSP, LIRA, or RLSP Contract, the guarantee amounts and guarantee dates automatically extend into a RRIF, LIF, or other similar retirement income Contract. Please refer to Section 10.2, RRSP to RRIF, LIF or Other Similar Retirement Income Contract Provisions, in the Contract Section of this folder for more information on how the RRSP is amended to a RRIF.

**Example:** Assume you are 65 years old. You purchase a GIF RRSP or GIF *encore* RRSP with a transfer from another financial institution of $50,000 on February 12, 2001. You make an additional RRSP contribution as indicated below. Although there are only six years left until you must close the RRSP, the guarantee amounts and guarantee dates extend to the RRIF. The guarantee works as follows:

| Deposit date | Deposit amount | Maturity date | Cumulative Maturity Guarantee |
|---|---|---|---|
| **Policy Year 1 (Feb. 12, 2001–Feb. 12, 2002)** | | | |
| Feb. 12, 2001 | $ 50,000 | Feb. 12, 2011 | $ 37,500 |
| Dec. 2, 2001 | $ 4,000 | Feb. 12, 2011 | $ 40,500 |
| **Deposit Value** (Total Deposits in Policy Year) | $ 54,000 | Feb. 12, 2011 | $ 40,500 |
| **Policy Year 2 (Feb. 13, 2002–Feb. 12, 2003** | | | |
| Nov. 27, 2002 | $ 6,000 | Feb. 12, 2012 | $ 4,500 |
| **Deposit Value** (Total Deposits in Policy Year) | $ 6,000 | Feb. 12, 2012 | $ 4,500 |
| **Maturity Guarantee Summary** | | | |
| There will be two guarantee amounts and two guarantee Dates | $ 40,500 guaranteed on Feb. 12, 2011 (maturing in the RRIF)<br>$ 4,500 guaranteed on Feb. 12, 2012 (maturing in the RRIF) | | |

## 6.11 Guarantees during the Closing Decade (Series 1 Funds only)

The Closing Decade is the 10-year period before your Contract Maturity Date, which is defined as the last day you can own a GIF or GIF *encore* Contract. For your Series 1 Fund investments, there are two situations where the Maturity Guarantee will be less than 100%. They are:

- When deposits* are made in the Closing Decade, and,
- When a 10-year guarantee term renews in the Closing Decade.

In these two situations, the term to maturity would be less than 10 years, and in both, the Maturity Guarantee will be 80% of the Deposit Value (proportionately reduced for withdrawals). The Death Benefit Guarantee is always a minimum of 100% of the Deposit Value, even in the Closing Decade.

# 7. The Investment Options

## 7.1 General Information

Manulife GIF and GIF *encore* Contracts give you access to a wide variety of Segregated Funds. Fund categories may include money market balanced, fixed income and equities. Each Fund manager has a particular investment strategy and the underlying securities are different. As such, the performance of Funds within any one category will vary.

The underlying investment in some Funds are Units of a mutual fund(s) or another selected investment Fund(s). You do not acquire any ownership interest in the underlying fund units when you invest in a GIF or GIF *encore* Fund.

If you would like additional information regarding the Fund(s) or underlying funds, please see the Fund Facts, visit our website (**www.manulifeim.ca**), or contact your advisor.

We reserve the right to discontinue offering, to merge, or to split any of the Funds available through the Manulife GIF and GIF *encore* Contracts at any time. We will provide you with at least 60 days advance notice in this event.

We may also provide you with additional investment choices within the Contract that have different contractual provisions, such as Maturity or Death Benefit Guarantee levels. In this event, the provisions of the Contract may be amended to permit you to invest in the additional investment choices. If you initiate a transaction to the new investment choice, you agree to the terms of the amendment, which will form part of the Contract.

From time to time, Manulife may offer you the benefit of a product transfer program to a new or existing Segregated Fund contract, or to an enhanced version of the current Contract.

In the event of a Fund merger, split, or discontinuance of a Fund or Funds, the Market Value of the Contract will not be affected by that event.

We have the right to change a Fund manager of any of the Funds at any time at our discretion. You will be notified of any change in Fund managers.

In certain situations, changes to a Fund may be considered a Fundamental Change. Please see Section 7.11, Fundamental Changes, for more information.

## 7.2 Management Fees

Each Manulife Guaranteed Investment Fund will pay Manulife a management fee for the management of a Fund.

The management fee of a Fund is calculated and accrued on a daily basis and reimbursed monthly to Manulife. You do not directly pay for the management fees.

The management fees are subject to change at our discretion. The annual management fees shall not exceed two times the current management fees. You will receive at least 60 days advance notice of any increase in management fees. Please see Section 7.11, Fundamental Changes, for more information.

The management fees of a Manulife Guaranteed Investment Fund include all management fees charged by Manulife and any underlying fund. There is no duplication of fees or charges for the same service.

## 7.3 Management Expense Ratio (MER)

The Management Expense Ratio (MER) is the cost of investing in a Fund. The MER is the management fee, the insurance fee, plus the operating expenses of the Fund. You do not directly pay for the MER since it is paid from the Fund before the Unit Value of a Fund is calculated.

The operating expenses of a Fund include;

- operating and administrative costs,
- guarantee costs,
- legal fees, audit fees, custodial fees and charges, bank service and interest charges.

*Deposits to Series 1 Funds are limited to transfers from existing Series 1 Funds.

The MER for a Fund is subject to change without prior notification. Please see the most recent Fund Facts for more information on the MER. The MER includes the MER of any underlying fund and any fees or sales charges associated with that underlying fund. There is no duplication of fees or sales charges for the same service.

## 7.4 Net Asset Value

The net asset value of a Fund represents the total Market Value of all the assets of a Fund minus its liabilities. The net asset value is divided by the number of Units held by investors to calculate the net asset value per Unit.

We calculate the net asset value and the net asset value per Unit of each Fund at the close of business on every Valuation Date. Please see Section 8.2, Valuation Date, for more information.

**The net asset value of a Segregated Fund fluctuates with the Market Value of the underlying assets of the Segregated Fund and is not guaranteed.**

## 7.5 Investment Policy and Restrictions

The Funds have been established to provide benefits which will vary in amount depending upon the Market Value of the assets of each of the Funds. Each Fund has a fundamental investment objective which determines the investment policies and restrictions for the Fund. The investment policies may change from time to time, and you will be notified in writing of any material change. Please see Section 7.11, Fundamental Changes, for more information in the event that the Fundamental Investment Objective changes.

The fundamental investment objectives of underlying funds cannot be changed unless approved by the unitholders of that underlying fund, and that upon such approval and if applicable, you will be notified of that change.

Manulife GIF and GIF *encore* Contracts are subject to compliance with the Individual Variable Insurance Contract Guidelines relating to Segregated Funds of the Canadian Life and Health Insurance Association Inc. (CLHIA) and The Autorité des Marchés Financiers (AMF) and the applicable provincial insurance laws.

## 7.6 Potential Risks of Investing

The underlying investments of the segregated funds may be units of mutual funds, pooled funds or other selected investments. The risk factors of the underlying investments directly affect those investments and will also affect the segregated funds. For a comprehensive disclosure of the risks of investing in the segregated funds, refer to the Investment Policy of the relevant segregated fund, or the simplified prospectus or other disclosure documents of the underlying funds, copies of which are available upon request. The risks of investing may be different depending on the Fund(s) you choose. The Investment Policy of a Fund (available upon request) describes the risks that may affect the Fund. See the Fund Facts for more information on the Fund(s) available in your contract.

**Asset-backed and mortgage-backed risk:** If there are changes in the market's perception of the issuers of asset-backed or mortgage-backed securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In addition, for asset-backed securities, there is a risk that there may be a mismatch in timing between the cash flow of the underlying assets backing the security and the repayment obligation of the security upon maturity. In the use of mortgage-backed securities, there are also risks that there may be a drop in the interest rates charged mortgages, a mortgagor may default in its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

**Credit risk** is the risk of default by the issuer of debt instruments, such as bond or money market instruments. Default will negatively impact the value of assets within the underlying fund, thus lowering the overall return of the Fund.

**Concentration risk** occurs when a Fund, including an underlying Fund, invests in a portfolio of relatively few securities. As a result, the securities invested in may not be diversified across all sectors or they may be concentrated in specific regions or countries. By concentrating its investment, a significant portion of the Fund or the underlying Fund may be invested in a single security. This may result in higher volatility, as changes in the market value of an individual security will have a greater impact on the value of the Fund's portfolio. It may also result in a decrease in the liquidity of the Fund's portfolio.

**Corporate class risk:** Certain underlying funds are structured as classes of shares of a single corporation which may contain multiple funds. Each corporate class fund has its own assets and liabilities, and each fund will be charged separately for any expenses that are specifically attributable to that fund. However, each fund's assets are the property of the corporation. Therefore, if a fund cannot meet its obligations, the assets of the other funds of the corporation may be used to pay those obligations.

**Cybersecurity Risk** is the risk of cyber-attacks or data breaches of technological systems that may result in the disclosure of confidential information, unauthorized access to sensitive information, the destruction or corruption of data, and financial loss to the Fund. Manulife and its service providers use technology in virtually all aspects of business and operations including that of the Fund. As a result, Manulife has and requires its service providers to have a robust and evolving information security program that features policies, processes, technologies, and dedicated professionals that protect information, systems, and networks. Despite this, there can be no assurances that these measures will be successful in protecting our networks and information assets against attacks in every instance. This is because cyber-attack techniques are changing frequently, increasing in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources. As a result, Manulife and its service providers may not be able to anticipate or implement effective preventive measures against all disruptions or privacy and security breaches. Cyber-attacks could result in violation of privacy laws or information security regulations, or could materially disrupt network access or business operations.

**Derivative risk** occurs when derivatives are used as a risk management tool to mitigate risks or diversify risks that are not desired. Some Funds and underlying mutual funds may invest in derivatives for hedging purposes, for achieving the duration target or for replicating the approximate return of a direct investment in the underlying mutual funds(s). A Fund's ability to dispose of the derivatives depends on the liquidity of such positions in the market, if the market direction goes against the manager's forecast, and the ability of the other party to fulfill its obligations. Therefore, there is no guarantee that transactions involving derivatives will always be beneficial to the Fund. The use of derivative instruments is prohibited in acquiring investment exposures not otherwise permitted in the Fund's investment description.

**Sustainability (Environmental, Social, and Governance (ESG)) Policy Risk:** An ESG Fund's ESG investment policy could cause it to perform differently compared to Similar Funds that do not have such a policy. Any criteria related to this ESG investment policy may result in the ESG Fund's forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, or selling securities for ESG reasons when it might be otherwise disadvantageous for it to do so. In addition, investors may differ in their views on what constitutes positive or negative ESG characteristics. As a result, the companies in which an ESG Fund invests, directly or indirectly, may not reflect the beliefs and values of any particular investor. An ESG Fund will vote proxies in accordance with the Manager's Proxy Voting Policy.

**Exchange-traded fund risk:** Certain Funds may invest in securities of exchange-traded funds ("ETFs"). Certain ETFs seek to provide returns similar to the performance of a particular market index or industry sector index. These ETFs may not achieve the same return as their benchmark market or industry sector indices due to, among other things, differences in the actual weights of securities held in the ETF versus the weights in the relevant index and due to the operating and management expenses of the ETFs. An ETF may, for a variety of reasons, also fail to accurately track the market segment or index that underlies its investment objective. Certain ETFs are actively managed, like Manulife Smart ETFs, and have an investment manager actively manage a portfolio of securities rather than tracking an index. Funds that invest in units of such actively managed ETFs are exposed to the risks associated with relying on the portfolio manager's discretionary management of the securities held in the portfolio of the actively managed ETF. There is no guarantee that an investment in an ETF, actively managed or tracking an index, will earn any positive return. The price of any ETF can also fluctuate and the value of Funds that invest in securities offered by ETFs will change with these fluctuations.

**Foreign currency risk** occurs when an underlying fund invests in countries other than Canada or holds assets valued in another currency, which may decline in value relative to the Canadian currency. This situation will adversely affect the returns of those foreign assets held in the underlying fund and the total return of the Fund. Currency rates may also be impacted by military conflicts or the imposition of economic sanctions.

**Inflation risk** is the risk that inflation will affect interest rates and, in turn, make assets within an underlying fund less attractive from a price perspective, thus hurting the overall performance of the Fund. Interest rate risk is the chance that interest rates may fluctuate, and thereby may negatively impact the value of the assets within an underlying fund, thus lowering the overall return of the Fund.

**Liquidity risk** is the risk that an investment cannot be easily converted into cash. An investment may be less liquid if it is not widely traded, if there are restrictions on the exchange where the trading takes place or due to legal restrictions, the nature of the investment itself, settlement terms, for other reasons such as a shortage of buyers interested in a particular investment or an entire market or that may become subject to purchase or sale restrictions as a result of political or economic events such as military conflicts or economic sanctions. Investments with low liquidity can have dramatic changes in value, may be difficult to value and/or sell at a time and price preferred by a Fund, and can result in loss.

**Manager risk** is the chance that a fund manager may purchase a poor asset or may dispose of an asset which continues to grow in value; the fund manager may fail to recognize increasing or decreasing market conditions. Any or all of these can directly affect the performance of the Fund.

**Market risk** is the fundamental risk of investing in the capital markets. It is the risk that the assets of the underlying fund will decline in value simply because the market, as a whole, declines in value, thereby lowering the overall return of the Fund. The profitability of a Fund's investment program may depend to a great extent on the future course of price movements of securities and other investments. The securities markets have in recent years been characterized by great volatility and unpredictability. The performance of a Fund may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic (such as the recent spread of coronavirus disease (COVID-19)), terrorism, and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian, and other economies and securities markets. Each Fund is therefore exposed to some, and at times, a substantial, degree of market risk.

**Real estate risk:** Real estate by nature is not a liquid asset. There is no formal market for trading in real property and very few records are available to the public, which give terms and conditions of real property transactions. It may take time to sell real estate investments at a reasonable price, limiting the funds ability to respond quickly to changes in economic or investment conditions.

**Securities lending, repurchase, and reverse repurchase transaction risk:** Funds may engage in securities lending, repurchase, and reverse repurchase transactions directly, or may be exposed to these transactions indirectly 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. 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.

**Small company risk** is the result of smaller companies having valuations that tend to be more volatile than those of large established companies. As such, the value of Funds that buy investments in smaller companies may rise and fall significantly.

**Sovereign risk** applies when investing abroad as there may be additional risk of the Fund's capital to companies outside of the laws of Canada. Information flow, liquidity, political stability, and social policy may all affect the prices of foreign investments and in return the value of the assets within the Fund, thus hurting the overall performance of the Fund.

**Specialization risk:** Some Funds specialize in investing in a particular industry or part of the world. Specialization allows the portfolio advisor to focus on specific areas of the economy, which can boost profits if both the sector and the companies selected prosper. However, if the industry or geographic area experience challenges, the Fund will suffer because there are relatively few other exposures to offset and because securities in the same industry tend to be affected by challenges in a similar manner. The Fund must follow its investment objective and may be required to continue to invest primarily in securities in the industry or geographic area, whether or not it is prosperous.

**Substantial securityholder risk:** A Fund may have one or more substantial investors who hold a significant amount of securities of the Fund, such as a financial institution or a Top Fund. If a substantial investor decides to redeem its investment in a Fund, the Fund may be forced to sell its investments at an unfavourable market price in order to accommodate such request. The Fund may also be forced to change the composition of its portfolio. Such actions may result in considerable price fluctuations to the Fund's net asset value and negatively impact on its returns. The Funds do, however, have policies and procedures designed to monitor, detect and deter inappropriate short-term or excessive trading. See "Short-Term Trading".

**Underlying fund risk** applies where a segregated fund that invests in units of an underlying fund may be exposed to the risks associated with the underlying fund.

## 7.7 Reinvestment of Earnings

The realized earnings of the assets in the Funds will be reinvested in the Fund and will increase the value of the Units. The owner of the Contract acquires no direct claim on the Fund assets but only on the Contract benefits.

## 7.8 Interest of Management and Others in Material Transactions

No director, officer, associate, or affiliate of Manulife has had any material interest, direct, or indirect, in any transactions, or in any proposed transactions within three years prior to the date of filing of this Information Folder, that would or will materially affect Manulife with respect to the Funds.

## 7.9 Material Contracts or Facts

No material contract that can be reasonably regarded as presently material to proposed Contract-holders with respect to the Funds has been entered into within two years prior to the date of filing of this Information Folder.

There are no other material facts relating to the policies that have not been disclosed herein.

## 7.10 Custodian of Fund Portfolio Securities

RBC Investor Services Trust, 155 Wellington Street West, 2nd Floor, Toronto, Ontario, M5V 3L3, has custody and control of cash and securities of the Funds. All investments and deposits of the Funds are made in the name of Manulife. Manulife has the ultimate responsibility for custody of the securities of the Funds. The portfolio of securities of the Funds is physically situated in and under the jurisdiction of the Province of Ontario.

## 7.11 Fundamental Changes

In the event of a fundamental change to the Contract and/or a Fund, you will be given the opportunity in certain circumstances to Fund switch or withdraw Units of the Fund(s) without incurring charges. We will provide you with the withdrawal options and/or details of any Fund switch opportunities at least 60 days prior to the effective date of the fundamental change. If we do not offer a Similar Fund, you may request in writing to withdraw Units of the Fund without incurring charges.

A fundamental change includes:

- an increase in the management fee of a Fund,
- a change in the fundamental investment objectives of a Fund,
- an increase in the management fee of an underlying fund, which results in an increase in the management fee of a Fund,
- a decrease in the frequency with which Units of the Funds are valued, or
- an increase in the insurance fee limit specified in the financial statements and the Information Folder, if such costs are disclosed separately from the management fee.

A fundamental change will occur in the event of Fund(s) being closed or in the event that two or more Funds are merged. Fund mergers and closures will be subject to similar notice provisions and rights.

For the purposes of being considered a Similar Fund, a Fund must have a comparable fundamental investment objective, be in the same fund investment category and have the same or lower management fee and insurance fee as the original Fund.

We reserve the right to make fundamental changes from time to time, subject to compliance with the provisions noted above. We also reserve the right to change underlying funds. If such a change is a fundamental change, you will have the rights described in the Section above. Changing an underlying fund to another substantially similar underlying fund will not constitute a fundamental change provided immediately following the change the total management fee and insurance fee of the Fund is the same as, or lower than, its total management and insurance fee immediately before the change. A substantially similar underlying fund is one that has a comparable fundamental investment objective, is in the same fund investment category and has the same or lower management fee, and insurance fee, if applicable, as the original underlying fund. We will (a) notify you, our regulators, and the CLHIA at least 60 days in advance of the change (unless such notice is not practical in the circumstances, in which event we will provide notice as soon as possible as reasonably practical), and (b) amend or re-file the Fund Facts to reflect the change. The foregoing may be superseded by any regulatory developments governing changes to segregated funds.

If we no longer offer the Contract for sale, all existing Contracts are still subject to the fundamental change rules in this Section.

## 7.12 Auditor

- The audited financial statements for the most recent year-end of the Fund(s) are available upon request
- The auditor is:

  Ernst and Young, LLP
  100 Adelaide Street West, PO Box 1
  Toronto, ON
  M5H 0B3

# 8. Valuation

## 8.1 Market Value of the Contract

The Market Value of the Contract on any date will be the total of:

i. the value of the Units of all the Funds in the Contract at the close of business on the previous Valuation Date, plus

ii. any Deposit that we have received, less any deductions, which has not yet been used to purchase Units of a Fund.

## 8.2 Valuation Date

A Valuation Date for the Contract occurs every day that:

i. the Toronto Stock Exchange is open for business, and

ii. a value is available for the underlying assets.

All transactions affecting the Contract (i.e. Deposits, withdrawals, switches and resets) are processed based upon the Market Value as at the close of business on the Valuation Date.

Valuation Dates are considered to end at the Valuation Date cut-off time, as determined by Manulife. Any instructions or transactions received by Manulife Head Office after the Valuation Date cut-off time will be considered to be received as of the next Valuation Date.

Manulife reserves the right to change the Valuation Date cut-off time (earlier or later) to accept instructions or transactions. For example, we may require an earlier Valuation Date cut-off time for instructions or transactions received through different distribution or communication channels. Please contact your advisor for the Valuation Date cut-off time that may apply to your specific transaction request.

We will normally value the Funds on every Valuation Date; however, we may postpone valuation of the Funds:

a. for any period during which one or more of the nationally recognized stock exchanges are closed for other than a customary weekend or holiday closing,

b. for a period during which trading on securities exchanges is restricted, or

c. when there is an emergency during which it is not reasonable for us to dispose of investments owned by the Funds or to acquire investments on behalf of the Funds or to determine the total value of the Funds.

The Funds will be valued at least monthly irrespective of any postponement. If there is a change to the frequency of valuation of the Funds, you may have rights of free withdrawal or Fund switch. Please see Section 7.11, Fundamental Changes, for more information.

The Toronto Stock Exchange is currently the principal exchange used for purposes of determining the Valuation Dates. Manulife reserves the right to change the principal exchange to another exchange for purposes of this Section and for determining the valuation of the Funds.

## 8.3 Adjusted Cost Base

The adjusted cost base of the Manulife GIF or GIF *encore* Contract is the total cost of acquiring the Units of the Contract plus any reinvested allocations from the Fund.

A Fund's adjusted cost base is the total cost of acquiring the underlying investments.

# 9. Fees and Charges

## 9.1 General Information

You may have to pay sales charges (also referred to as "fees") at the time you make a Deposit to the Contract or at the time you make a withdrawal depending on the sales charge option you have chosen.

There are two sales charge options available under the Contract: a Front-end option and a Back-end option. There is also a No-load Money Market Fund available.

## 9.2 Front-end Option

The Front-end option has sales charges that you pay at the time you make a Deposit to the Contract. The amount you pay is negotiable and calculated as a percentage of the gross deposit amount and varying depending on the Fund category. The maximum sales charge that you will pay for the Front-end option, by Fund category, is shown in the following chart.

| **Front-End fee option** | **Maximum sales charge** | **Redemption fees as a percentage of original deposit amount** |
|---|---|---|
| Money Market Fund (excludes the Dollar-Cost Averaging Fund) | 1% | nil |
| Bond and Dividend Funds | 2% | nil |
| Asset Allocation, Balanced, and Equity Funds (includes the Dollar-Cost Averaging Fund) | 3% | nil |

## 9.3 Back-end Option

The Back-end option has redemption fees that you may have to pay at the time you make a withdrawal request from a Fund. Redemption fees are calculated as a percentage of the original purchase price of the Units that you request be redeemed. The redemption fee applicable to a withdrawal from a Back-end option Fund will always be based on the redemption fee scale of the Fund category in which you originally request the purchase of Units in a Back-end option Fund.

For example, if you originally purchase Units of a Back-end option equity Fund and then you subsequently request a Fund switch to a money market Fund, any redemption fees applicable to a withdrawal will be based on the equity Fund redemption fee scale.

| | Maximum sales charge | Withdrawal made during the first seven years following the date of deposit | Manulife GIF Redemption fees as a percentage of original deposit amount | Manulife GIF *encore* Redemption fees as a percentage of original deposit amount |
|---|---|---|---|---|
| **Back-End option** | | | | |
| **Money Market Fund (excludes the Dollar-Cost Averaging Fund and No-load Money Market Fund)** | Nil | Year 1 | 2.25 | 2.25 |
| | | Year 2 | 1.75 | 2.00 |
| | | Year 3 | 1.25 | 1.75 |
| | | Year 4 | 0.75 | 1.25 |
| | | Year 5 | 0.25 | 1.00 |
| | | Year 6 | 0 | 0.75 |
| | | Year 7 | 0 | 0.50 |
| | | Year 8 and subsequent years | 0 | 0 |
| **Bond and Dividend Funds** | Nil | Year 1 | 4.50 | 4.50 |
| | | Year 2 | 3.50 | 4.00 |
| | | Year 3 | 2.50 | 3.50 |
| | | Year 4 | 1.50 | 3.00 |
| | | Year 5 | 0.50 | 2.50 |
| | | Year 6 | 0 | 2.00 |
| | | Year 7 | 0 | 1.50 |
| | | Year 8 and subsequent years | 0 | 0 |
| **Asset Allocation, Balanced, and Equity Funds (includes the Dollar-Cost Averaging Fund)** | Nil | Year 1 | 5.50 | 5.50 |
| | | Year 2 | 4.50 | 5.00 |
| | | Year 3 | 3.50 | 4.50 |
| | | Year 4 | 2.50 | 3.75 |
| | | Year 5 | 1.50 | 3.00 |
| | | Year 6 | 0 | 2.00 |
| | | Year 7 | 0 | 1.50 |
| | | Year 8 and subsequent years | 0 | 0 |

Back-end sales charges only apply to withdrawals that exceed the charge-free withdrawal amount calculated for the year. Please see Section 5.5, Charge-free Withdrawals, for more information. For purposes of redemption fees, years will always be measured from the actual date of a Deposit to a Back-end option Fund. For example, if you originally purchase Units of a No-load Money Market Fund, and then subsequently request a Fund switch to a Back-end option Fund, the redemption fee scale will be based on the day you requested a Fund switch to the Back-end option Fund. Redemption fees will apply to the earliest Deposits first. If you request Fund switches, the age of the Deposit will not be affected.

There are no sales charges or redemption fees applicable to the underlying funds. Any sales charges and redemption fees are applied by us and are not a duplication.

There are no sales charges applicable to an additional Deposit ("top-up") made to the Contract as a result of a Maturity or Death Benefit Guarantee.

## 9.4 Early Withdrawal Fees

We may apply an early withdrawal fee of 2% of the Deposit Value if you request a withdrawal within 90 days of allocating a Deposit to a Fund. This fee will not apply to scheduled payments from a RRIF, LIF, or other similar retirement income Contract, or to regular withdrawals (SWPs). This fee will be in addition to any Back-end sales charges that may apply.

## 9.5 Recovery of Expenses or Investment Losses

The fees and charges described in this Information Folder are the only ones that you will be charged for the day-to-day activities of the Contract and the management of the funds. If, however, you make an error (e.g. an NSF cheque), we reserve the right to charge you for any expenses or investment losses that occur as a result of the error. Any charges passed on to you will be commensurate with any expenses or losses incurred by us. These expenses or investment losses might be caused by, among other things, NSF (Not Sufficient Funds) payments, or incorrect or incomplete instructions. If the contract falls below a minimum value, as per our administrative rules at the time, we may charge an annual administrative fee. Once the Contract value reaches zero, this Contract will terminate immediately.

# Fund Charges

## 9.6 Management Fees

Each Manulife Guaranteed Investment Fund will pay Manulife a management fee for the management of a Fund.

The management fee of a Fund is calculated and accrued on a daily basis and reimbursed monthly to Manulife. You do not directly pay for the management fees.

The management fees are subject to change at our discretion. The annual management fees shall not exceed two times the current management fees. You will receive at least 60 days advance notice of any increase in management fees. Please see Section 7.11, Fundamental Changes, for more information.

At our discretion, we may waive a management fee—in whole or in part—and this arrangement may discontinue at any time without notice. If we waive a management fee, we may have an alternate fee arrangement as described in the Fund Facts.

The management fees of a Manulife Guaranteed Investment Fund include all management fees charged by Manulife and any underlying fund. There is no duplication of fees or charges for the same service.

## 9.7 Management Expense Ratio (MER)

The Management Expense Ratio (MER) is the cost of investing in a Fund. The MER is the management fee, the insurance fee plus the operating expenses of the Fund. You do not directly pay for the MER since it is paid from the Fund before the Unit Value of a Fund is calculated.

The operating expenses of a Fund include;

- operating and administrative costs,
- guarantee costs,
- legal fees,
- audit fees,
- custodial fees and charges,
- bank service and interest charges.
- We pay the operating expenses of the Funds in exchange for a monthly payment by the Funds to us with respect to each class of the Funds, if applicable.

The MER for a Fund is subject to change without prior notification unless the increase is due to an increase in the Management Fee as referred in the previous paragraph. Please see the most recent Fund Facts for more information on the MER. The MER includes the MER of any underlying fund and any fees or sales charges associated with that underlying fund.

There is no duplication of fees or sales charges for the same service.

# 10. Compensation Paid to Your Advisor

## 10.1 General Information

Manulife GIF and GIF *encore* Contracts are sold through independent advisors and brokers. The advisor will be compensated for the professional advice and services provided to you. The amount of compensation will depend upon the contractual agreement between your advisor and their dealership or with Manulife, whichever is applicable. In some instances, a product transfer program may be available to potentially reduce or eliminate sales charges through a reduction of advisor compensation. Manulife reserves the right to change or cancel compensation arrangements at any time.

## 10.2 Sales Commission

The sales commission paid will vary depending on the Fund, the sales charge option and in some cases, the amount of the purchase. If you invest in a Fund under the Front-end sales charge option, the amount of the sales fee you pay will equate to the commission paid. If you invest in a Fund under a Back-end option, Manulife pays the commission on the purchase, but you may have to pay a Back-end sales charge depending on when you redeem Units. If you originally invest in a No-load Fund and subsequently switch to a Front-end or Back-end option Fund, a sales commission will be paid at the time of Fund switch.

If an additional Deposit is made to the Contract as a result of a Maturity or Death Benefit Guarantee (i.e. a "top-up" Deposit), a sales commission will not be paid on that Deposit.

A sales commission will not be paid on Fund switches within the same sales charge option.

## 10.3 Transfer Sales Commission

A transfer sales commission may be paid by Manulife to the advisor when transferring monies from selected Manulife RRSP Contracts to a RRIF, LIF, or other similar retirement income Contract according to the administrative rules that we have in place at that time.

## 10.4 Servicing Commission

Manulife will pay a regular servicing commission to recognize the ongoing service the advisor provides.

# 11. Tax Information

**Note:** This summary does not include all possible tax considerations and you should consult your personal tax advisor about your individual circumstances.

## 11.1 General Information

This Section outlines general tax information as it applies to the Contract. It applies to Canadian resident individuals and is based on the current *Income Tax Act* (Canada). You are liable for any tax liabilities resulting from any change in law, interpretation or Canada Revenue Agency (CRA) assessing practices. You should consult your personal tax advisor about your individual circumstances.

The policy of each Fund is to allocate its income and realized capital gains and losses to unitholders in each year so that no income tax will be payable by a Fund (after taking into account any applicable losses of the Fund). Each Fund (other than a money market Fund or a Dollar-Cost Averaging Fund) will allocate the income and realized capital gains and losses proportionally by Fund Units to all unitholders on December 31 of each year, and is not proportionate to the length of time the Units are held in a Fund during a calendar year.

Each Fund also has the authority to make a reasonable allocation of income, capital gains, or capital losses of the Fund to Policyowners at other times of the year where, in our opinion, such an allocation is more equitable in the circumstances. Any amounts allocated in accordance with this paragraph will reduce the amounts that are otherwise allocated by the Fund for the taxation year. Allocations may be made in a year to a Policyowner who was a Policyowner during that year but who is no longer a Policyowner at the end of that year.

## 11.2 Non-registered Contracts

When filing your income tax return, you are required to include information on the following, as allocated to you:

- Capital gains or capital losses from six sources:
  - i. Distributions from underlying investments,
  - ii. The trading activities of the Funds,
  - iii. Your trading activities (i.e. transfers and withdrawals),
  - iv. Sales charges and redemption fees,
  - v. Fund discontinuances and underlying fund substitutions,
  - vi. Transfers of ownership in certain situations.
- Canadian dividends that reflect the amount of dividends received from shares of Canadian resident corporations.
- Other Canadian income from the cash portion of the Fund or income on investments such as Canadian bonds or mortgages.
- Foreign income received through investment in a mutual fund and foreign taxes that may be used to reduce your Canadian income tax.

To make your tax reporting easier, we will provide you with detailed information on all of the categories listed above, subject to the minimum reporting limits in effect at the time.

#### 11.2.1 Taxation of Guarantee "top-up"

If the guarantee amount is greater than the Market Value at death or maturity, we will Deposit the difference into the Contract. This Deposit is referred to as a "top-up" and is taxable to you when paid into the Contract. The amount will be reported to you as a capital gain on a T3 slip. On surrender of the Contract at death or maturity, the difference between the Market Value of the Contract (before any top-up) and the adjusted cost base may result in a capital gain or loss. The taxation of the top-up is not certain at this time. Legislative changes may require a change to the taxation of the top-up.

## 11.3 Registered Contracts

Income can accumulate in a registered Contract on a tax-deferred basis.

If you request Fund switches between Funds in a registered Contract, or you request a transfer directly to another permitted registered contract, you do not have to pay tax.

**RRSP**

You can deduct the Deposits that you make to an RRSP from your taxable income, up to a maximum amount determined under the *Income Tax Act* (Canada). If you have a spousal RRSP, the Deposits may be deducted from your taxable income.

If you withdraw cash from an RRSP Contract you must pay tax on the amount that you have withdrawn. We may be required to deduct tax from the withdrawal according to the current Canadian laws. If you hold a spousal RRSP, your spouse may have to pay tax on the amount withdrawn to the extent that your spouse deposited amounts to this or any other spousal RRSP in the current or two immediately preceding taxation years.

#### TFSA

You can make Deposits to your TFSA up to maximum amount determined under the *Income Tax Act* (Canada). The Deposits are not deductible from your taxable income, but any income or growth is tax-free. Withdrawals from your TFSA are not reported as taxable income.

Withdrawals will be added to your TFSA contribution room at the beginning of the following calendar year. You can replace or re-contribute the amount of the withdrawal in the same year only if you have available TFSA contribution room. Please consult your personal tax advisor about your individual circumstances

#### RRIFs, LIFs, or other similar retirement income Contracts

Payments and cash withdrawals from a RRIF, LIF, or other similar retirement income Contract will be included in your income for the year the payments are made.

We are required to withhold tax at the government prescribed rates from any withdrawals that exceed the RRIF, LIF, or other similar retirement income Contract minimum amount. There are two ways to handle these taxes, based upon your specific needs:

**Levelized minimum rate** – We will withhold tax at the minimum rate required by law and apply it evenly to all scheduled payments for a year.

**Client-specified rate** – We will withhold tax at a rate specified by you and apply it evenly to all scheduled payments for a year. If the rate specified is less than the minimum rate required by law, we will withhold the required minimum.

For unscheduled withdrawals, withholding tax will be at the client-specified rate unless we are required by law to withhold a higher amount.

### 11.3.1 Taxation of Guarantee "top-up"

If we increase the value of a registered Contract in accordance with the provisions of the Deposit Maturity Guarantee or Death Benefit Guarantee (called "topping-up"), the following applies:

**Deposit Maturity Guarantee "top-up"** – the top-up amount is not taxed when deposited into the Contract. However, when amounts are withdrawn (including the top-up), all amounts are taxable to you (except under a TFSA Contract).

**Death Benefit Guarantee "top-up"** – the top-up amount is not taxed when deposited into the Contract. However, when the final death benefit is paid to the beneficiary, all amounts (including the top-up) are taxable to the appropriate individual (except under a TFSA Contract).

# 12. Estate Planning

**Note:** This summary does not include all possible tax considerations and you should consult your personal tax advisor about your individual circumstances.

## 12.1 General Information

The Manulife GIF or GIF *encore* Contract provides valuable estate planning advantages that vary depending on the type of Contract you purchase.

## 12.2 Beneficiaries

Upon the death of the last surviving Annuitant, we will pay the proceeds of the Contract to any surviving primary beneficiaries. If no primary beneficiary is alive when the last surviving Annuitant dies, we will pay the proceeds to any surviving secondary beneficiaries. If there is no surviving secondary beneficiary, we pay the proceeds to you, the Policyowner, if you are not the Annuitant, otherwise to your estate.

The proceeds of the Contract are paid to the beneficiaries named under the Contract without passing through your estate.

For a TFSA or a RRIF, LIF, or other similar retirement income Contract, if your spouse is named sole beneficiary, your spouse will automatically become Policyowner of the Contract and payments will continue to your spouse. In this case, your spouse may exercise rights as Policyowner of this Contract, and any secondary or subsequent beneficiary appointments made prior to your death are ineffective.

If you have named your spouse as successor Annuitant on the TFSA or RRIF, LIF, or other similar retirement income Contract, your spouse will automatically become Policyowner of the Contract and payments will continue to your spouse as successor Annuitant. Where we refer to an Annuitant for a TFSA Contract, the Annuitant is the "holder" as defined by the *Income Tax Act* (Canada) and within this Information Folder and Contract. The successor holder of a TFSA as defined by the *Income Tax Act* (Canada), is referred to as the successor Annuitant within this Information Folder and Contract. In this case, your successor Annuitant may exercise rights as Policyowner under this Contract. However, if you have named an irrevocable beneficiary (where allowed), the successor Annuitant's ownership rights will be restricted. He/she will not be able to increase the amount or frequency of the scheduled payments, to make withdrawals, nor change the beneficiary designation without the irrevocable beneficiary's consent.

If you have named more than one primary beneficiary, you may specify how the proceeds are to be divided. If you have not indicated how the proceeds are to be divided, we will assume the proceeds should be divided equally among the surviving primary beneficiaries. The same applies for secondary beneficiaries. Please remember that secondary beneficiaries do not have any rights if any primary beneficiary exists at the time of the last surviving Annuitant's death.

You may change the beneficiary or beneficiaries at any time, as permitted by any laws that apply to the Contract, by filing a designation with us. The change will be effective the date that you signed the designation. However, we will only be responsible for acting upon information that has reached us by the date we make any payments or take any action. We are not responsible for confirming the accuracy or validity of any information that you provide to us.

If you have designated the beneficiary as irrevocable, you cannot change the designation without the beneficiary's written consent, unless otherwise permitted by law. Certain other rights and options, such as withdrawals, assignments, or transfer of ownership, can be exercised only with the written consent of the irrevocable beneficiary. An irrevocable beneficiary who is a minor cannot provide consent. A parent, guardian or tutor cannot provide consent on behalf of a minor who has been named as irrevocable beneficiary. You may be able to apply to the court for an order permitting you to deal with the Contract without the consent of the irrevocable beneficiary.

If the beneficiary has not reached the age of majority, we must pay the proceeds of the Contract according to the applicable laws.

If you have used the non-registered Contract as security for a loan, the rights of a collateral assignee or, under the Quebec Civil Code, a hypothecary creditor will normally take precedence over the rights of a beneficiary.

## 12.3 Non-registered Contracts

In some instances, the non-registered Contract may continue following your death, or upon the death of the Annuitant, by making certain elections prior to death. Certain provisions of the Contract are based on the age of the Annuitant. If the Annuitant of the Contract is subsequently changed, some of the provisions may also change. If the Contract continues, no death benefit is payable, and therefore no guarantee top-up would apply.

**The tax treatment will vary depending on the situation. You should consult your personal tax advisor about your individual circumstances.**

**I. Successor Owner**

You may appoint a successor owner or owners under the Contract. Then, in the event of your death, ownership of the Contract is transferred to the successor owner. In the province of Quebec, a successor owner is known as a subrogated policyholder. This transfer in ownership occurs without the Contract passing through your estate. Please note that if you are also the Annuitant of the Contract, the Contract will end and the Death Benefit Guarantee will be paid to your named beneficiary. If you intend to have the Contract continue, you may also name a successor Annuitant. Please see II below. Also note that if the successor owner is someone other than your spouse, the transfer of ownership will be considered a taxable disposition and all realized and unrealized gains will be reported on your final tax return.

**II. Successor Annuitant**

You may appoint a successor Annuitant under the Contract. Then, in the event of the primary Annuitant's death, the successor Annuitant will automatically become the primary Annuitant of the Contract. In this case, the Contract will continue, and no death benefit is payable and any beneficiary designation made prior to the death of the primary Annuitant will remain in effect unless subsequently changed by the owner. The appointment of a successor Annuitant must be made prior to the death of the primary Annuitant. You may remove a previously appointed successor Annuitant at any time.

**III. Spousal Rollover**

If you are Policyowner and Annuitant, and your spouse is named sole beneficiary of the Contract, the Contract may continue to your spouse following your death. In this event, your spouse will become Policyowner and Annuitant and may exercise rights as Policyowner of this Contract. If this election is not made prior to your death, your spouse may elect this option at the time of notification of your death.

## 12.4 Registered Contracts

For a TFSA or a RRIF, LIF, or other similar retirement income Contract, if your spouse is named sole beneficiary, or if you have named your spouse as successor Annuitant, your spouse will automatically become Policyowner of the Contract and payments will continue to your spouse. In this case, your spouse may exercise every right as Policyowner of this Contract, and any secondary or subsequent beneficiary appointments made prior to your death are ineffective. However, if you have named a successor Annuitant and an irrevocable beneficiary, the successor Annuitant will not be able to change the beneficiary designation on the Contract without the irrevocable beneficiary's consent. On the date of notification of death, if the Death Benefit Guarantee is higher than the Market Value, the value of the Contract will be increased by depositing the difference to a money market Fund.

A new Guarantee Maturity Date will be deemed to be elected and will fall 10 years after the death benefit date. All investments remain intact and are not transferred to a money market Fund. Your spouse can choose to take the Market Value in cash, continue on with the Contract or transfer the Market Value in accordance with applicable legislation, and the administrative rules we have in place at that time.

You cannot appoint a successor owner for an RRSP Contract.

If your spouse is the beneficiary of the RRSP Contract, your spouse has the option of electing to transfer the proceeds of the registered Contract to an RRSP or RRIF on a tax-deferred basis, subject to applicable legislation.

If the beneficiary is a child or children who are financially dependent on you due to mental or physical disability, they may make the same election of rolling the registered Contract into their RRSP or RRIF on a tax-deferred basis, subject to applicable legislation, or they may purchase an annuity.

If the beneficiary is a child or children who are financially dependent on you, they may elect to defer tax by purchasing a term certain annuity payable until age 18. This will allow them to pay tax only on the annuity income they receive in a year.

If your spouse or child elects not to use the transfer provisions, or if someone other than your spouse or a child is the beneficiary as described above, or you have not named a beneficiary, the fair Market Value of the Contract on the date of your death will be taxable income on your final return.

## 12.5 Estate Benefits

If you have named a valid beneficiary or a valid successor owner upon your death or the death of the last surviving Annuitant, the Contract does not form part of your estate. Therefore, probate fees will not apply to the Contract in accordance with current legislation.

## 12.6 Potential Creditor Protection

The Manulife GIF or GIF *encore* Contract may offer some creditor protection. When a named beneficiary is a spouse, parent, child, grandchild of the Annuitant (for Quebec, ascendants and descendants of the owner), or is named irrevocably, the Contract may be protected against claims of your creditors.

**Note:** There are important limitations with respect to this protection and this summary does not include all possible considerations. You should consult your advisor about your individual circumstances.

# Appendix – Frequently Asked Questions

### Example A: Rolling over 10-year terms

In this example, the initial deposit is $10,000 in a Series 2 Fund, which becomes the Deposit Value. At the end of the 10-year term, the Market Value of that deposit is $20,000.

A new 10-year[1] term is created using the higher of the initial Deposit Value ($10,000) or the Market Value ($20,000) as the Deposit Value for the 2$^{nd}$ term.

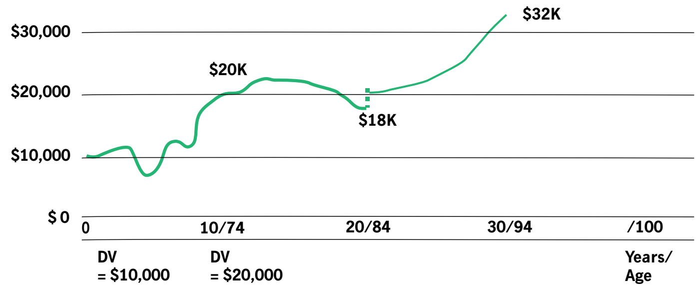
During the 2$^{nd}$ decade, market conditions are poor and the Market Value 20 years from the start date (going into the 3$^{rd}$ 10-year term) is $18,000.

After 30 years, the Market Value (going into the 4$^{th}$ term) is $32,000.

Each term begins with the Maturity Guarantee amount shown in the table below, depending on the Series of funds chosen.

| | Series 1 | Series 2 |
|---|---|---|
| 1$^{st}$ 10-year term | $10,000 | $7,500 |
| 2$^{nd}$ 10-year term | $20,000 | $15,000 |
| 3$^{rd}$ 10-year term | $20,000 | $15,000 |
| 4$^{th}$ term (closing decade) | $25,600 (80% of $32,000) | $24,000 (75% of $32,000) |

[1]The new term is always 10 years, except where the Contract Maturity Date would come first. In this case, the Deposit Maturity Date would be set to equal the Contract Maturity Date.




### Example B: GIF *encore*—What happens at age 80

For GIF *encore*, the annual automatic reset of the Death Benefit Guarantee (DBG), including the 4% escalation feature, occur until the Annuitant's 80$^{th}$ birthday. This occurs for all tax types (non-registered, TFSA/RRSP/LIRA/RLSP, RRIF/LIF/LRIF/PRIF/RLIF).

On the Annuitant's 80$^{th}$ birthday, the DBG is reset again, but only two factors are considered—the Deposit Value at the beginning of the most recent 10-year term or the then-current Market Value. The 4% escalation is not a factor that is considered.

This being the case, it is possible for the DBG to be reset lower than it was prior to the 80$^{th}$ birthday. Look at these three different situations.

| | MV > Current DBG | MV < Current DBG | MV < Original DV |
|---|---|---|---|
| **Deposit Value** | $25,000 | $25,000 | $25,000 |
| **Current MV** | $35,000 | $28,000 | $24,000 |
| **Last DBG** | $31,000 | $31,000 | $31,000 |
| **New DBG at age 80** | **$35,000** | **$28,000** | **$25,000** |

After the DBG is reset on the Annuitant's 80$^{th}$ birthday, it remains in effect until the end of the current 10-year term at which time a new Deposit Value will be established, affecting both Maturity and Death Benefit Guarantees again.

### Example C: GIF resets

GIF resets (sometimes referred to as client-initiated or voluntary resets) can be used to increase the value of both Maturity and Death Benefit Guarantees).

Resets bring all policy years together into one, and extend the term to maturity to 10 years from the reset date.

**If an investor had the following guarantees in place before a reset,**

| Year of deposit | Maturity date | Value guaranteed at maturity | Market value |
|---|---|---|---|
| **Series 1** | | | |
| Sept. 23, 1997 | Sept. 23, 2007 | $10,000 | $14,500 |
| Sept. 23, 1998 | Sept. 23, 2008 | $10,000 | $13,900 |
| Sept. 23, 1999 | Sept. 23, 2009 | $10,000 | $ 9,800 |
| **Series 2** | | | |
| Nov. 14, 2001 | Nov. 14, 2011 | $ 7,500 | $12,300 |
| Nov. 14, 2002 | Nov. 14, 2012 | $ 7,500 | $ 9,500 |

**They would appear as follows after a reset on February 11, 2004.**

| Year of deposit | Maturity date | Value guaranteed at maturity | Market value |
|---|---|---|---|
| **Series 1** | | | |
| Feb. 11, 2004 | Feb. 11, 2014 | $38,200 | $38,200 |
| **Series 2** | | | |
| Feb. 11, 2004 | Feb. 11, 2014 | $16,350 | $21,800 |

After the reset, there is one policy year. The greater of the guarantee value or the Market Value is taken for each policy year, and the sum of those figures becomes the guarantee 10 years from the reset date.

**Example D: How do withdrawals reduce GIF and GIF *encore* guarantee values over time?**
In an up market, withdrawals don't reduce the value of the guarantees as quickly as they do in down markets. The following chart illustrates how guaranteed values can change in both market conditions.

| Guarantee amount | Market value | Withdrawal amount | Withdrawal as a % of the market value | New market guarantee | Reduction in the guarantee amount | New guarantee amount |
|---|---|---|---|---|---|---|
| **Withdrawal in a down market** | | | | | | |
| $50,000.00 | $40,000.00 | $1,500.00 | 3.75% | $38,500.00 | $1,875.00 | **$48,125.00** |
| **Withdrawal in an up market** | | | | | | |
| $50,000.00 | $55,000.00 | $1,500.00 | 2.73% | $53,500.00 | $1,363.64 | **$48,636.36** |

**Note**: Although the initial guarantee amounts are equal and the withdrawal amounts are equal, any withdrawal will proportionately reduce the amount of the guarantee.

## Important Information

The Contract shown on the following pages will become effective on the Valuation Date of the first Deposit and upon acceptance by Manulife that the initial Contract set-up criteria have been met. Delivery of the Contract provisions do not constitute acceptance by Manulife of a Contract purchase. Confirmation of a Contract purchase will be sent to you upon meeting the necessary Contract set-up requirements as determined by Manulife, and when the initial Deposit has been made. The effective date of the Contract will be stated on a confirmation notice. Any endorsements or amendments that may be required will be sent to you and will form part of the Contract.

The following pages include provisions for two distinct Contracts: Manulife Guaranteed Investment Funds (GIF) and Manulife Guaranteed Investment Funds *encore* (GIF *encore*). Only the provisions of the Contract you purchase will apply to you.

**If you purchase a GIF Contract, Sections 1–9, Schedule A and any applicable endorsements will apply to you.**

**If you purchase a GIF *encore* Contract, Sections 1–8 and Section 10, Schedule A and any applicable endorsements will apply to you.**

The type of Contract you purchase will be indicated on your copy of the application and on subsequent statements. A confirmation notice will be sent to you following acceptance by Manulife. Please contact your advisor if you have any questions about the Contract you have purchased.

# Manulife Guaranteed Investment Funds and Manulife Guaranteed Investment Funds *encore* Contract Provisions

**This GIF and GIF *encore* Contract is no longer available for new sales effective October 5, 2009, unless it is a sale resulting from a transfer from an existing GIF and GIF *encore* Contract.**

In these policy provisions, “you” and “your” refer to the person who has Policyowner’s or policyholder’s rights under the Contract. “We”, “us”, “our”, and “Manulife” refer to The Manufacturers Life Insurance Company. “Head Office” refers to the Canadian Head Office of The Manufacturers Life Insurance Company located in Waterloo, Ontario, or to any other location that we might specify to be our Head Office.

This Contract is available as a non-registered Contract, or if you are applying for a registered Contract you may request us to apply for registration of the Contract under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation as a Retirement Savings Plan (RSP), Locked-in RSP or Locked-in Retirement Account (LIRA), Restricted Locked-in Savings Plan (RLSP), Tax-Free Savings Account, (TFSA) Retirement Income Fund (RIF), Life Income Fund (LIF), Locked-in Retirement Income Fund (LRIF), Prescribed Retirement Income Fund (PRIF), Restricted Life Income Fund (RLIF), or other similar retirement income Contract that may become available under legislation and that is offered by us within this Contract.

**Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.**

The Manufacturers Life Insurance Company (“Manulife”) is the issuer of this annuity Contract and the guarantor of any guarantee provisions contained therein.

The Manufacturers Life Insurance Company

**Paul Savage**

Head of Individual Insurance Canada
Manulife

# Definitions & Key Terms

## Annuitant

The Annuitant, as defined under this Contract, is the measuring life; the individual on whose life the Maturity and Death Benefit Guarantees are based. The Annuitant can be you, as the Policyowner, or an individual whom you designate. Under a TFSA Contract, the Annuitant is the "holder" as defined by the *Income Tax Act* (Canada).

## Back-end Sales Charge

Often referred to as a deferred sales charge (DSC) or a redemption fee or surrender charge, this is a sales charge that is applied to withdrawals (surrenders) that occur during a specified fee period. There is no Low-load option available in this Contract.

## Beneficiary

The Beneficiary is the designated individual(s) or organization(s) who will receive the value of the Contract upon the death of the last surviving Annuitant.

## Charge-Free Amount

The portion of the Contract that is exempt from Back-end sales charges.

## Contract

Also referred to as the policy or the plan. The Contract is the Manulife Investments Guaranteed Investment Fund (GIF) and Guaranteed Investment Fund *encore* (GIF *encore*) Contract which is a deferred annuity product supported by a family of Segregated Funds to help you meet your financial objectives. The Contract is governed by the applicable provincial insurance and pension legislation and the *Income Tax Act* (Canada).

## Contract Date

The date the Contract will become effective. The Contract becomes effective on the Valuation Date of the first Deposit and upon acceptance by The Manufacturers Life Insurance Company (Manulife) that the initial Contract set-up criteria has been met.

## Contract Maturity Date

The last date you may own the rights under the Contract for the purpose of accumulating capital. It is the date on which the Maturity Guarantee applies. It is also referred as the "Annuity Date." Please see Section 2, *General Overview*, for more information about the Contract Maturity Date.

## Closing Decade

The 10-year period before the Contract Maturity Date. The closing decade applies to non-registered Contracts that exist past December 31 of the year the Annuitant attains age 90, and to certain provincial Life Income Funds (LIFs) that exist past December 31 of the year the Annuitant attains age 70.

## Death Benefit Guarantee

The minimum amount that is payable upon the death of the last surviving Annuitant.

## Deposit

Also referred to as the Premium. The Deposit is the amount of money you pay to Manulife in exchange for contractual benefits before the deduction of any applicable sales charges or fees. After the applicable sales charges and fees are deducted, the remaining amount of money is maintained by Manulife in respect of which the non-guaranteed benefits of the contract are provided and is kept separate from the general assets.

## Deposit Maturity Date

The date on which the Maturity Guarantee is payable and is determined at the time of a Deposit. The first Deposit Maturity Date is 10 years after the initial deposit. Subsequent Deposit Maturity Dates are 10 years after respective anniversary dates of subsequent deposits. If you make Deposits in different policy years or to different Series the Contract may have several different maturity dates. Maturity dates are subject to change after a reset.

## Deposit Value

The total of all the Deposits during a policy year before any applicable sales charges are deducted (gross deposits). Any Deposits made during a policy year are grouped together and share the same Deposit Maturity Date. If you have Deposits allocated to both Series 1 and Series 2 Funds you will have a Deposit Value for each series.

## Front-end Sales Charge

When a Front-end sales charge option Fund is chosen, a sales charge is deducted from the amount you pay to Manulife as a Deposit and is paid to your advisor.

## Fund(s)

The Segregated Fund(s) currently available to receive all or a portion of the Deposits in the Contract.

### Fundamental Investment Objective

Those characteristics that distinguish one Segregated Fund from another on the basis of factors such as; investment fund category, country of region where the Segregated Fund primarily invests, type of capitalization (if equity), and investment grade (if fixed income).

### Locked-in Contracts

If Deposits originate from a pension plan, they continue to be locked-in under this Contract. “Locked-in” refers to the restrictions and limitations that are imposed by the applicable pension legislation.

### Market Value

The Market Value of the Contract is determined to be the sum of the Market Value of Units notionally credited to each Fund in the Contract.

### Maturity Guarantee

The value of the Contract that will be used as the basis for the calculation to provide the annuity benefit on the maturity date as provided under the Contract.

### Net Assets

The net assets of a Fund are determined by calculating the Market Value of all of its assets (its investments) and subtracting its liabilities (such as the Fund’s management fees and operating expenses).

### Policyowner

The Policyowner (referred to as the owner throughout this Contract) is the individual or organization who is the legal owner of the rights under this Contract. The Policyowner will receive the benefits of the annuity unless a third party is designated by the Policyowner to receive such benefits. In the province of Quebec, the Policyowner is referred to as the policyholder.

### Reset

The date that you request a reset of the guarantees of the Contract. This is applicable to a GIF Contract only. Please see Section 6.5, Resetting the Guarantees, for information.

### Segregated Fund(s)

Also referred to as Fund(s). An aggregate of money, stocks, bonds, mutual funds and/or other types of investments maintained by an insurer in respect of which non-guaranteed benefits of a variable insurance contract are provided.

### Underlying Fund

An investment fund in which a Fund invests all or part of its assets. The underlying investments of the Funds may be units of mutual funds, pooled funds or other selected investment funds owned by us.

### Units

The measurement attributed to the Contract to determine the value of the insurance benefits and of our financial obligation to you. You do not acquire any ownership interest of the Units. Units are notional, and are not transferable or assignable.

### Unit Value

A notional value used to measure the Market Value of one Unit (or share) of a Segregated Fund.

### Valuation Date

A Valuation Date for the Contract occurs every date that:

i. The Toronto Stock Exchange is open for business,

and

ii. A value is available for the underlying assets.

# 1. The Contract

The Contract is made up of this policy, which includes the terms of the Contract, the application form, endorsements, and any amendments. We will not be bound by any amendment to the Contract made by you or your representative, unless it is agreed to in writing and signed by our President or one of our Vice- Presidents. If you request that the Contract be registered, the RSP endorsement, TFSA endorsement, or RIF, LIF, LRIF, PRIF, RLIF, or similar retirement income product endorsement and any applicable locking-in endorsement will be included and made a part of the Contract. The terms of the endorsements, where applicable, will override any conflicting provisions of the Contract.

The information contained in the Fund Facts is accurate and complies with the Individual Variable Insurance Contracts Guidelines Relating to Segregated Funds of the Canadian Life and Health Insurance Association Inc. (CLHIA) and The Autorité des Marchés Financiers (AMF) as of the date prepared. The following information contained in the Fund Facts forms part of the Contract:

- Name of the Contract and Fund name
- Management Expense Ratios
- Risk disclosure
- Fees and expenses
- Right of rescission

If there is an error in the Fund Facts information outlined above, we will use reasonable measures to correct the error, but you will not be entitled to specific performance under the Contract.

We have the right to limit the number of Contracts where you are the Policyowner by refusing to accept subsequent applications for the same taxation type.

Every action or proceeding against an insurer 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.

# 2. General Overview

## 2.1 Contract Date

The Contract Date is the Valuation Date of the first Deposit made to the Contract. Refer to Section 8.2, *Valuation Date*.

## 2.2 Currency

All payments to or by us will be in Canadian dollars.

## 2.3 Ownership

You may exercise rights as the Policyowner of this Contract, subject to any limitation provided by law. Your rights may be restricted if a beneficiary has been appointed irrevocably, or if this Contract has been hypothecated or assigned as collateral security.

## 2.4 Annuitant

This refers to the person on whose life the guarantees of the Contract are based, and upon whose death the death benefit is payable. You may also appoint a successor Annuitant who will replace a deceased Annuitant. If you have a successor Annuitant named under the Contract who is still alive on the death of the Annuitant, no death benefit will be payable until the death of the last surviving Annuitant.

## 2.5 Beneficiary

You may appoint a beneficiary or beneficiaries to receive any amounts payable under this Contract after the last Annuitant's death. So far as the law allows, you may change or revoke the beneficiary appointment. If the appointment is irrevocable, you will not be permitted to change or revoke it without the beneficiary's consent, unless otherwise permitted by law.

Any appointment of a beneficiary, or any change or revocation of an appointment, unless otherwise permitted by law, must be made in writing and will then be effective as of the date of signing; however, we will not be bound by any appointment, change, or revocation which has not been received at our Head Office at the date we make any payment or take any action. We assume no responsibility for the validity or effect of any appointment or change or revocation. If there is no surviving beneficiary at the time of the last surviving Annuitant's death which results in a death benefit being payable, any amount payable will be paid to you if you are not the Annuitant, otherwise to your estate.

## 2.6 Successor Owner

If you are not the Annuitant, you may appoint one or more successor owners for non-registered Contracts who may exercise rights as the owner of this Contract after your death.

In the Province of Quebec a successor owner is referred to as a subrogated policyholder.

## 2.7 Protection Against Creditors

So far as the law allows, and your personal circumstances allow, this Contract may be potentially exempt from seizure by your creditors. Please consult with your legal advisor for more information.

## 2.8 Service Initiatives

Throughout the Contract, we ask you to send us written instructions in order to effect certain transactions. Over time, we may introduce service initiatives which allow you to issue non-written instructions, including instructions in the electronic form, to us. You will be deemed to have agreed to be bound by those instructions to the same extent as if they had been provided in writing.

## 2.9 Administrative Rules

In the Contract, we refer to the current administrative rules. We change our rules from time to time in order to provide improved levels of service, and to reflect corporate policy and economic and legislative changes, including changes to the *Income Tax Act* (Canada). Administrative rules, which may differ to rules that would otherwise apply under the Contract, may apply to transaction requests communicated to us under different service initiatives.

# 3. Deposit Provisions

## 3.1 Deposits

A Deposit is the gross amount you pay to Manulife in exchange for contractual benefits before the deduction of any applicable sales charges.

You may make a Deposit to this Contract while this Contract remains in force, according to our administrative rules in effect at the time you make the Deposit. We consider a Deposit to be made on the applicable Valuation Date based upon when we receive it. Refer to Section 7.3, *Valuation Date of Requests*.

Your Deposit, after deductions are made, will be allocated to purchase Units in one or more of the Funds then available.

You must state in writing the Fund(s) you select, and if you select more than one Fund, you must state the amount of your Deposit to be allocated to each one. There are two series of investment Funds that may be available within your Contract. Series 1 Funds are investment funds that provide a 100% guarantee on a 10-year maturity date (except in the Closing Decade.) See Section 6.11 of the Information Folder, Guarantees during the Closing Decade (Series 1 Funds only), for details. Series 2 Funds are investment funds that provide a 75% guarantee on a 10-year maturity date. We can decline to permit a deposit into a Series 1 or Series 2 Fund, at any time.

There are two sales charge options for purchasing Units of the Manulife Guaranteed Investment Funds. They are a Front-end option and a Back-end option. There is also a money market Fund with no fees attached.

Front-end option: Your Deposit may be reduced by a charge not exceeding the percentage of the Deposit shown in the following table.

| | |
|---|---|
| Money market Funds | 1% |
| Bond and Dividend Funds | 2% |
| All other Funds | 3% |

Back-end option: The Deposit will not be reduced by any sales charge at the time of the Deposit. The Back-end, if applicable, is determined at the time of withdrawal as described in Section 4.4, *Redemption Fees*.

The number of Units purchased in any Fund will be equal to the Deposit, less any deductions, allocated to that Fund divided by the Value of a Unit in that Fund on the applicable Valuation Date.

**The value of a Unit in any Segregated Fund is not guaranteed but fluctuates with the investment performance of the assets of the Segregated Fund. Refer to Section 7.2, *Units Allocated to a Fund.***

We have the right to refuse to accept any Deposit and to establish maximum and minimum Deposit amounts from time to time. We have the right to refund any Deposit.

We have the right to request medical evidence of the Annuitant based on our current administrative procedures, and refuse to accept Deposits based on incomplete or unsatisfactory medical evidence of the Annuitant.

You may have rescission rights under this Contract as described in Section 9, *Rescission*.

## 3.2 Dollar-Cost Averaging

The Dollar-Cost Averaging Fund (DCA Fund) is similar to Funds where you establish regular Fund switches, except you must request a reallocation of the Deposit to the DCA Fund over a specified period. You cannot switch monies into the DCA Fund. Please refer to the Information Folder for additional information.

## 3.3 Fund Switches

At any time while this Contract remains in force, you may request that we switch Units in a Fund by requesting in writing that we redeem some or all of the Units to the Contract's credit in one or more Funds, to purchase Units in one or more of our other Funds then available.

You may request a switch between Funds available under the terms of the Contract, including switches from Series 1 Funds to Series 2 Funds. You cannot switch from a Series 2 Fund into a Series 1 Fund. A switch from a Series 1 Fund to a Series 2 Fund will result in a lower Maturity Guarantee. Refer to Section 6.13, *Guarantee and Fund Switches*, for more information. If the first Deposit to a Series 2 Fund is a Fund switch from a Series 1 Fund, a second anniversary date is created. Refer to Section 6.5, *Anniversary Date*, for more information.

You may request that we switch between Funds of the same sales charge option, or from a No-load Fund, up to five times per calendar year free of charge. We reserve the right to charge an administrative fee of 2% or disallow Fund switches if you request Fund switches in excess of five per calendar year. We reserve the right to charge a fee of up to 2% (of the value of the Units) if you withdraw or Fund switch Units from a Fund within 90 days of acquiring them.

If you request that we move Funds between different sales charge options (i.e. Back-end to Front-end, No-load to Front-end) you may incur sales charges and/or redemption fees since this will be treated as a redemption from one Fund and a purchase of another. In this situation, the Units of the Fund to which you are requesting we move will be purchased with a Valuation Date immediately following the Valuation Date of the redemption. You cannot request a Fund switch to a No-load Fund. Fund switches may result in a capital gain or a capital loss where they create a taxable disposition. Guarantees may also be affected. Refer to Section 3.1, *Deposits*, and Section 4.4, *Redemption Fees*.

**The value of the Units of a Fund that are redeemed are not guaranteed but fluctuates with the investment performance of the assets of the Segregated Fund.**

You may have rescission rights under this Contract as described in Section 9, *Rescission*.

## 3.4 Fund Availability

At any time, we reserve the right to designate that any of our Funds will no longer be available for new Deposits, or we may close a Fund completely. If we close a Fund completely, we will give you written notice of our intent at least 60 days in advance. We may redeem the Units to the Contract's credit in any Fund which will no longer be available, and allocate the value of these Units to purchase Units in a Similar Fund. Our written notice to you will specify the Fund or Funds that will no longer be available, the Fund in which we propose to purchase Units, and the date this automatic Fund switch is to be effective. We will send notice to the last address you provided to us. You may request in writing that we make an alternative Fund switch under Section 3.3, *Fund Switches*. If we do not receive your request before the date of the automatic Fund switch, the automatic fund switch will take place. We also reserve the right to add, close, merge and/or to split Funds, subject to notification requirements, if applicable. If we make a fundamental change, you will be given the opportunity in certain circumstances to Fund switch or withdraw units of the Fund(s) without incurring charges. Please refer to Section 8.5, *Fundamental Changes*, for more information.

We may also provide you with additional investment choices within the Contract of a different investment category (e.g. Guaranteed Interest Contracts), or investment funds that have different Contractual provisions, such as Maturity or Death Benefit Guarantee levels. In this event, the provisions of the Contract may be amended to permit you to invest in the additional Funds or Fund categories. If you initiate a transaction to the new investment choice, you will be considered to have agreed to the terms of the amendment, which will form part of the Contract.

We have the right to change a Fund manager of any of the Funds at our discretion. You will be notified of any change to a Fund manager.

Note that there is no duplication of fees or charges when the assets of the Fund are invested in Units of an underlying fund.

## 3.5 Sales Charges

If you request that we allocate a Deposit to purchase Units of a Fund with a Front-end Sales Charge option, your Deposit may be reduced by a sales charge.

We reserve the right to refuse Deposits to a Fund with a Front-end Sales Charge option if it does not meet the minimum Deposit amount applicable to that sales charge option. We also reserve the right to Fund switch between different Front-end sales charge options of a Fund if the Market Value of the Fund falls below the minimum amount applicable to the sales charge option of that Fund.

If you request that we allocate a Deposit to purchase Units of a Fund with a Back-end or No-load Sales Charge option, your Deposit will not be reduced by any sales charges at the time of the Deposit. The Back-end or No-load sales charge, if applicable, is determined at the time of withdrawal, as described in Section 4.4, *Redemption Fees*.

# 4. Withdrawal Provisions

## 4.1 Withdrawals

You may request a withdrawal at any time while this Contract remains in force by requesting in writing that we redeem some or all of the Units to the Contract's credit in one or more of our Funds.

If you request that we redeem all the Units to the Contract's credit, Section 10.1, *Cancellation of this Contract*, applies.

We reserve the right to charge a fee of up to 2% (of the value of the Units) if you withdraw or Fund switch Units from a Fund within 90 days of acquiring them.

The Valuation Date of the request for a withdrawal is described in Section 7.3, *Valuation Date of Requests*.

The number of Units redeemed from a Fund will be equal to the amount withdrawn from that Fund divided by the value of a Unit in that Fund on the applicable Valuation Date.

The Maturity Guarantee(s) and Death Benefit Guarantee(s) under the Contract will be proportionally reduced by any withdrawals.

A withdrawal may result in a loss or a gain since it creates a taxable disposition to the owner of the Contract.

**The value of the Units of a Fund that are redeemed is not guaranteed but fluctuates with the investment performance of the assets of the Segregated Fund.** Refer to Section 7.2, *Units Allocated to a Fund.*

You may have rescission rights under this Contract as described in Section 9, *Rescission.*

## 4.2 Scheduled Payment Options for RRIF, LIF, LRIF, PRIF, or RLIF

Scheduled payments are required to be made under a RRIF, LIF, or other similar retirement income Contract that may become available. The following scheduled payment options are available:

**RRIF minimum amount** – In the first calendar year, the RRIF minimum amount is zero. For each subsequent calendar year, the RRIF minimum amount is based on the January 1st Market Value of the Contract using the formula indicated under the *Income Tax Act (Canada)*. **Note**: If you select this option, the payments will begin in the calendar year following the year of purchase.

**Level – Client-specified amount** – Each scheduled payment will be equal to the payment amount you have specified.

**Indexed – Client-specified amount indexed annually** – During the first calendar year, each scheduled payment will be equal to the payment amount you have specified. On the January 1st of each succeeding calendar year, the payment will be increased by the index rate you have specified.

The Level and Indexed scheduled payment options are subject to the RRIF minimum amount for a calendar year. In the absence of instructions to the contrary, you will be deemed to have elected the RRIF minimum amount scheduled payment option.

The payment amount you elect to receive will be allocated from the Fund(s) on a percentage basis, as requested by you.

If you do not clearly specify the payment allocation, or if we are unable to comply with the payment allocation direction in effect on a payment date, we will determine the payment allocation according to the administrative rules that we have in place at the time.

The scheduled payment frequencies available under this Contract are monthly, quarterly, semi-annually, and annually.

The scheduled payment option, payment allocation instructions and the payment frequency you select will remain in effect until you file a written request with us to change it. Any changes will affect future payments only. There may be restrictions and charges applicable to any changes you request, according to our then current administrative rules and fees.

A redemption fee will apply if you request we redeem Units with the Back-end option prior to the end of the specified period after the date of the original Deposit of the Funds used to purchase the Units being redeemed. However, this fee will be waived for scheduled payments and unscheduled withdrawals that are taken into income up to the charge-free amount for a calendar year, as described in Section 4.5, *Back-end Sales Charge Option Charge-free Withdrawals*.

The number of Units redeemed in any Fund will be equal to the amount of payment allocated from that Fund divided by the value of a Unit in that Fund on the Valuation Date. To ensure the payment is made to you on the date you specify, we may use a Valuation Date prior to the payment date.

**The value of a Unit in any Segregated Fund is not guaranteed but fluctuates with the investment performance of the assets of the Segregated Fund.**

**LIF, LRIF, or RLIF maximum amount –** This is applicable to a LIF, LRIF, or other similar retirement income Contract that may have maximum payments applicable. Please refer to the applicable LIF, LRIF, or RLIF Contract endorsement for details.

**Year-end payment**

If the total of the scheduled payments and unscheduled withdrawals made during a calendar year, including any tax withheld, is less than the RRIF minimum amount, we will make a payment to you at the end of the year to meet the legislated minimum payment for that calendar year. The year-end payment will be allocated from the Fund(s) in accordance with the payment allocation instructions or, if we are unable to comply, we will determine the payment allocation according to the administrative rules that we have in place at that time.

**Tax withholding options**

There are tax implications that will vary depending on the payment amount you specify. Under the *Income Tax Act* (Canada), we are required to withhold tax from payments which exceed the RRIF minimum amount. We will withhold tax according to the basis you selected on the application, unless you have filed a request with us to change it. The following scheduled payment withholding tax options are available:

**Levelized minimum –** If you elect to receive scheduled payments that will exceed the RRIF minimum amount in a calendar year, we will withhold tax at the government prescribed rate and apply it evenly to all scheduled payments for that year.

**Client specified –** We will withhold tax at a rate specified by you and apply it evenly to all scheduled payments. The withholding tax is subject to the minimum withholding tax determined by the government prescribed rate.

For unscheduled withdrawals, withholding tax will be at the client specified rate unless we are required to withhold a higher amount.

## 4.3 Scheduled Payment Options for TFSA and Non-registered Contracts

Scheduled payments may be taken from a TFSA or non-registered Contract. They are not available from a RRSP, LIRA, or RLSP Contract unless permitted by applicable pension legislation.

Scheduled payments are commonly referred to as Systematic Withdrawal Plans or (SWPs).

You may choose to request the scheduled withdrawal monthly, quarterly, semi-annually, or annually. You have the flexibility to choose the amount you will receive and when you receive it, subject to our then current administrative rules.

We will deposit the scheduled payment directly into your bank account.

## 4.4 Redemption Fees

A redemption fee will apply to Units purchased with the Back-end option if Units are redeemed prior to the end of the specified period after the date of the Deposit of the Funds used to purchase the Units being redeemed.

The fee will be calculated as a percentage of the Deposit Value (see Section 6.4, *Deposit Value*) of the Units being redeemed.

The redemption fee applicable to a withdrawal from a Back-end option Fund will always be based on the redemption fee scale of the Fund category in which you originally allocated Units. For example, if you originally request a Deposit be allocated to purchase Units of a Back-end option equity Fund, and then you subsequently make a Fund switch to a money market Fund, any redemption fees applicable to a withdrawal will be based on the equity Fund redemption fee scale.

Please refer to the Redemption Fee Table shown in Schedule A at the back of this Contract. For purposes of redemption fees, years will always be measured from the actual date of a Deposit to a Back-end option Fund. This means that redemption fees will apply to the earliest Deposits first to the Back-end option Funds.

## 4.5 Back-end Sales Charge Option Charge-free Withdrawals

There are no redemption fees for cash withdrawals or transfers out of the Contract for a calendar year, from the Back-end option up to the charge free withdrawal amount limit. The charge-free withdrawal amount limit is 10% of all Deposits made to Back- end option Funds to the date of withdrawal in the calendar year of withdrawal, plus 10% of the Market Value of the Units of the Contract invested in Back-end option Funds as at December 31 of the year previous to the calendar year of withdrawal, if applicable. If you are the Policyowner of a RRIF, LIF, or other similar retirement income Contract (including non-registered Contracts with us that are registered externally), the charge-free withdrawal limit is calculated using 20%.

Any unused portion of the charge-free withdrawal as defined above cannot be carried forward from one year to the next if you do not exercise this option.

For purposes of redemption fees, the age of a Deposit will always be from the date of the original Deposit to the Fund(s), regardless of any Fund switches which have taken place.

## 4.6 Early Withdrawal Fee

An early withdrawal fee of 2% of the Deposit Value may apply if you request a withdrawal within 90 days of the Contract Date. This fee will not apply to scheduled withdrawals made under a RRIF, LIF, or other similar retirement income Contract that may be available, or to automatic withdrawals taken from non-registered Contracts. This fee will be in addition to any Back-end sales charge that may apply.

## 4.7 Minimum Value of the Contract

If the Market Value of the Contract is less than the stated minimum balance according to our then current administrative rules, we reserve the right to redeem all the Units to the Contract's credit. Refer to Section 7.1, *Market Value of the Contract*. In this case, the Market Value of the Contract, less any redemption fees, will be paid to you. Payment of this amount will discharge our obligations under this Contract. This right will not be affected by the fact that we may have waived this right at any time previously. Note that all guarantees under this Contract are proportionally reduced by any withdrawal. Refer to Section 6.14, *Guarantee and Withdrawals*, for more information.

# 5. Fees and Charges

## 5.1 Contract Fees and Charges

### Sales Charges

The amount of sales charges is determined by the sales charge option associated with the Fund(s) into which you allocate a Deposit. There are no sales charges applicable to a Deposit made as the result of a guarantee top-up or payment made during the Guaranteed Payment Phase. Please refer to Section 3.5, *Sales Charges*, and Section 4.4, *Redemption Fees*, for more information.

There is no duplication of sales charges when the assets of the Fund are invested in Units of an underlying fund.

We reserve the right to offer a separate sales charge option(s) with access reserved for Contracts which meet our administrative rules in place at the time. Contracts within this (these) separate sales charge option(s) which no longer meet our administrative rules will be transferred to the similar sales charge option without the restrictions.

### Administrative fees and recovery of expenses

We reserve the right to charge administrative fees of:

- 2% of the Value of the Units if you make a withdrawal within 90 days of the Contract Date;
- 2% of the Value of the Units if you request a withdrawal or a Fund switch within 90 days of allocating a Deposit to the Fund; and
- 2% of the Value of the Units for Fund switches requested in excess of five per calendar year.

These fees will not apply to scheduled withdrawals or to regularly scheduled Fund switches. These fees will be in addition to any Back-end or No-load Sales Charges that may apply.

The fees described in this Contract and the Information Folder are intended to cover the normal day-to-day activities and reporting associated with the Contract. However, we reserve the right to recover from you, by deducting Units of the Fund(s), any expenses or trading losses incurred by us due to errors on your part, including but not limited to cheques returned for non-sufficient funds or incorrect or incomplete instructions. Any charges passed on to you will be commensurate with any expenses or losses incurred by us.

The rights outlined in this Section will not be affected by the fact that we may have waived these rights at any time previously.

## 5.2 Fund Fees

### Management Fees

The management fees and other expenses are all charges related to the investment and administration of the Funds.

Management fees will differ by Fund type. Management fees are stated as an annualized percentage of the daily Market Value of the Net Assets of a Fund and may vary from Fund to Fund.

At the end of each Valuation Date, we calculate and accrue our fee for the management of each Fund. It is equal to the Market

Value of the assets in the Fund on the Valuation Date, multiplied by the management fee adjusted to a daily factor of the annualized percentage stated above.

We have the right to change the management fee applicable to a Fund or a Fund type by giving you sufficient advanced written notice in accordance with legislative requirements. In certain circumstances, you may have the ability to request we withdraw Units of the Fund without any charges. Please see Section 8.5, *Fundamental Changes*, for more information. At our discretion, we may waive a management fee—in whole or in part—and this arrangement may discontinue at any time without notice. If we waive a management fee, we may have an alternate fee arrangement as described in the Fund Facts.

Under current legislation, taxes may apply to management fees.

### Management Expense Ratio (MER)

The Management Expense Ratio (MER) includes all fees and expenses paid or payable by the Fund, including management fees, insurance fees, and other recoverable operating expenses to which the Fund is subject. The MER includes the MER of any underlying fund and any fees or sales charges associated with that underlying fund. There is no duplication of fees or sales charges for the same service. The operating expenses of a Fund may include operating and administrative costs, guarantee expenses, legal fees and audit fees, custodial fees and charges, and bank service and interest charges. The MER for a Fund is subject to change without prior notification unless the increase is due to an increase in the Management Fee as referred to in the previous paragraph.

Under current legislation, taxes may apply to the MER.

# 6. Terms of the Guarantees

The Contract provides guarantees on a Deposit Maturity Date or upon our receipt of notification of death of the last surviving Annuitant. For the purpose of this document, "guarantee" shall mean the amount that we guarantee to return to you on a Deposit Maturity Date or death of the last surviving Annuitant. All guarantees are proportionally reduced by withdrawals.

## 6.1 Contract Date and the Guarantee

For purposes of the guarantee, the Contract Date is the date from which policy years, anniversary dates and Deposit Maturity Dates are initially measured.

The first Deposit or Fund switch to a Series to the Contract will be the date from which policy years and anniversary dates are measured for the purpose of that Series.

## 6.2 Contract Maturity Date

This is the last Date when you may be the Policyowner of the Contract. For non-registered Contracts, the Contract Maturity Date is December 31 of the year the Annuitant reaches age 100. For registered Contracts, the Contract Maturity Date will be on the latest maturity date for RRSPs as specified under the *Income Tax Act* (Canada). However, unless we have been notified otherwise of another Contract maturity settlement option, the Contract will continue and will be amended to become a RRIF, LIF or other similar retirement income Contract, where applicable, on this date.

For RRIF, LIF, or other similar retirement income Contracts, please refer to the Information Folder for information on the Contract Maturity Date.

## 6.3 Closing Decade

This is the 10-year period before the Contract Maturity Date. A closing decade applies to Deposits to non-registered Contracts past December 31st of the year the Annuitant attains age 90, and to Deposits to certain provincial Life Income Funds (LIFs) past December 31st of the year the Annuitant attains age 70.

## 6.4 Deposit Value

A Deposit Value for Series 1 Funds is the total of all Deposits allocated to the Series 1 Funds, before any deductions, during a single policy year applicable to Series 1 Funds. A Deposit Value for Series 2 Funds is the total of all Deposits allocated to the Series 2 Funds, before any deductions, during a single policy year applicable to Series 2 Funds. A Fund switch from a Series 1 Fund to a Series 2 Fund does not reduce the Deposit Value applicable to the monies being switched. For example, if you have a Deposit Value of $10,000 in Series 1 Funds and you switch one-half of the corresponding Market Value to Series 2 Funds, the Deposit Value will be $5,000 in Series 1 and $5,000 in Series 2.

On a 10-year Deposit Maturity Date, a new 10-year period begins with the new Deposit Value being the greater of the previous Deposit Value (proportionately reduced for withdrawals) or current Market Value.

## 6.5 Anniversary Date

An anniversary date is measured from the Contract Date for the first Deposit to a series, and is measured from the date of the first Deposit or Fund switch to a different series. An anniversary date will occur every year on the same date(s) for each series. Resets, if available within the Contract, may affect the anniversary date. The first Deposit to a Series 1 Fund will be the date from which policy years and anniversary dates are measured for the purpose of the Series 1 Funds. The first Deposit or Fund switch to a Series 2 Fund will be the date from which policy years and anniversary dates are measured for the purpose of the Series 2 Funds. The anniversary date, although distinct for each series, may be the same date if Deposits are made to both Series 1 and Series 2 Funds on the same day.

If you initially Deposit monies into only one series and then make an additional investment by a Deposit or a Fund switch to a different series within your policy, the anniversary date for the first series you invest in will remain the same and therefore, two distinct policy years will be created—one for all Deposits to Series 1 Funds and one for all Deposits to Series 2 Funds.

## 6.6 Policy Year

The first policy year of the Contract will begin on the Contract Date and will end on the first anniversary date of the Contract. A subsequent policy year will begin on the day following an anniversary date and will end on the next anniversary date of the Contract. The first policy year for either a Series 1 Fund or a Series 2 Fund will begin on the date you first invest in a series (by Deposit or Fund switch) and will end on the anniversary date of your investment. If you have Deposits in both Series 1 Funds and Series 2 Funds, you will have two different sets of policy years unless you request a reset.

## 6.7 Deposit Maturity Date

A Deposit Maturity Date is the Date that a Deposit Maturity Guarantee is applicable. Each policy year of the Contract will have a Deposit Maturity Date which will normally occur on the 10th anniversary of the beginning of that policy year.

On a Deposit Maturity Date a new Deposit Maturity Date will be set for 10 years after that date.

If a Deposit Maturity Date occurs during the closing decade, then the new Deposit Maturity Date will also be the Contract Maturity Date. If you have Deposits in both Series 1 and Series 2 Funds, you will have two anniversary dates from which the Deposit Maturity Dates will be based. Deposit Maturity Dates are determined at the time of the original Deposit or Fund switch to a series.

## 6.8 Deposit Maturity Guarantee

At the time of Deposit to a Series 1 Fund, the Deposit Maturity Guarantee at a 10-year maturity date is calculated as 100% of the Deposit Value. At the time of Deposit to a Series 2 Fund, the Deposit Maturity Guarantee at a 10-year maturity date is calculated as 75% of the Deposit Value. If you Fund switch from a Series 1 Fund to a Series 2 Fund, your new Deposit Maturity Guarantee will be calculated at the time of the Fund switch to be 75% of the Deposit Maturity Guarantee applicable to the monies you are switching (or 75% of the Deposit Value, if higher).

On a Deposit Maturity Date, if the Deposit Maturity Guarantee amount is higher than the current Market Value, we will increase the value of the Contract by depositing the difference to a money market Fund. On the Deposit Maturity Date, a new Deposit Maturity Date will be set for 10 years later. If there are less than 10 years remaining to the Contract Maturity Date, the last Deposit Maturity Date will be the Contract Maturity Date.

Deposit Maturity Guarantees are proportionately reduced for withdrawals. A fund switch from a Series 1 Fund to a Series 2 Fund will proportionately reduce the guarantee for the policy year from which the monies are being switched.

**Closing decade:**

For Deposits allocated to Series 1 Funds, if a Deposit Maturity Date falls during the Closing Decade and you wish to renew the deposit guarantee, or if you make a deposit in a policy year that begins in the Closing Decade, your Deposit Maturity Guarantee will be calculated on your Contract Maturity Date as the greater of 80% of:

1. the maturing Deposit Value or existing guarantee plus 80% of Deposits made in the Closing Decade (reduced proportionately for withdrawals), refer to Section 6.14, *Guarantee and Withdrawals,* and
2. the current Market Value of units in 1) above.

For Series 2 Funds, the Deposit Maturity Guarantee does not change during the Closing Decade.

## 6.9 Death Benefit Date

If the last surviving Annuitant's death occurs and there is no successor Annuitant named under the Contract, and if we receive written notice of death at our Head Office while this Contract is in force, the death benefit will be payable under this Contract. No Back-end sales charges apply to a death benefit.

The Death Benefit Date is the Valuation Date we receive sufficient notification of death of the last surviving Annuitant at our Head Office. Please refer to Section 8.2, *Valuation Date*. Notification requirements are detailed in our administrative procedures.

## 6.10 Death Benefit Guarantee

For the calculation of the Death Benefit Guarantee for GIF Contracts, please refer to Section 11, *Additional Provisions for Guaranteed Investment Funds (GIF) Contracts*.

For the calculation of the Death Benefit Guarantee for GIF *encore* Contracts, please refer to Section 12, *Additional Provisions for Guaranteed Investment Funds encore (GIF encore) Contracts*.

## 6.11 The Death Benefit

Upon our receipt of all required documentation of the last surviving Annuitant's death and of the claimant's right to the proceeds, the death benefit will be payable to the Beneficiary. No Back-end fees apply to a death benefit payment. In some situations, upon your death or death of an Annuitant, the Contract may continue. If the Contract continues, no death benefit is payable for non-registered Contracts and no guarantee top-up would apply. Please see Section 6.12, *Contract Continuation at Death*, for more information.

On the death benefit date, the death benefit for each policy year is determined as the sum of:

A. for each policy year of Series 1 Funds, the greater of:

  i. the Death Benefit Guarantee, and
  ii. the current Market Value of the Units representing the Deposit Value applicable to that policy year.

**plus**

B. for each policy year of Series 2 Funds, the greater of:

  iii. the Death Benefit Guarantee, and
  iv. the current Market Value of the Units representing the Deposit Value applicable to that policy year.

If necessary, we will increase the value of the Contract to equal the Death Benefit Guarantee amount by depositing the difference to a money market Fund.

As at the death benefit date, we will redeem all of the Units to the Contract's credit in all of the Funds other than the money market Fund if you have requested Deposits allocated to that Fund. The value of the Units redeemed will be transferred to the money market Fund.

The Death Benefit Guarantee will be adjusted for any payments made after the death benefit date. Any returned scheduled payments made after death of the Annuitant received will be used to purchase Units of the money market Fund.

Subject to legislation or other restrictions that may be imposed on the Contract, the death benefit may be taken in cash or may be applied under one of the optional methods of settlement that we are then offering for that purpose.

Payment of the Death Benefit Guarantee will discharge our obligations under this Contract.

## 6.12 Contract Continuation at Death

If the Contract continues, no death benefit is payable and therefore no guarantee top-up would apply.

For registered Contracts, the guarantee top-up would be paid, if applicable. For non-registered Contracts, no guarantee top-up is payable.

i. Successor Owner. You may appoint a successor owner or owners under the Contract for non-registered Contracts only. In the province of Quebec, a successor owner is known as a subrogated policyholder. Then, in the event of your death, ownership of the rights under the Contract is transferred to your successor owner. However, if you are also the Annuitant of the Contract, the Contract will end and the death benefit will be paid to the person entitled unless you named a successor Annuitant.

ii. Successor Annuitant. You may appoint a successor Annuitant under the Contract for non-registered Contracts only. Then, in the event of the primary Annuitant's death, the successor Annuitant will automatically become the primary Annuitant of the Contract. The appointment of a successor Annuitant must be made prior to the death of the primary Annuitant.

iii. Spousal Rollover. If you are the Policyowner and Annuitant and your spouse is named sole primary beneficiary of the Contract (for non-registered Contracts only), the Contract may continue to your spouse following your death. In this event, your spouse will become owner of the rights and Annuitant and may exercise rights as Policyowner under this Contract. In this case, any secondary or subsequent beneficiary appointments made prior to your death are ineffective. If this election is not made prior to your death, your spouse may elect this option at the time of notification of your death.

For a TFSA or RRIF, LIF, or other similar retirement income Contract, if your spouse is named sole primary beneficiary, or you name your spouse successor Annuitant, your spouse will automatically become Policyowner of the rights under the Contract and payments will continue to your spouse. In this case, your spouse may exercise every right as Policyowner of the rights under the Contract. If your spouse is named as sole primary beneficiary, any secondary or subsequent beneficiary appointments made prior to your death are ineffective. However, if you have specifically named your spouse as a successor Annuitant, and have named other irrevocable beneficiaries, your spouse's ownership rights will be restricted.

He/she will need all irrevocable beneficiaries' written consent in order to request Contractual changes such as changing their scheduled payments or the beneficiary designation. A new Guarantee Maturity Date will be deemed to be elected and will fall 10 years after the death benefit date. There will be no change to the allocation of the Fund(s) as a result of death of the Annuitant with a successor owner. Your spouse may elect to take the death benefit amount in cash, or transfer the death benefit amount in accordance with applicable legislation.

## 6.13 Guarantee and Fund Switches

Switches between Funds will have no impact on a Maturity Guarantee amount unless you are switching from a Series 1 Fund to a Series 2 Fund. A Fund switch from a Series 1 Fund to a Series 2 Fund will reduce your Deposit Maturity Guarantee. Following a Fund switch to a Series 2 Fund, your new Deposit

Maturity Guarantee applicable to the Funds being switched will be calculated at the time of the Fund switch to be 75% of the Deposit Maturity Guarantee applicable to the monies being switched (but will not be less than 75% of the Deposit Value).

The Deposit Maturity Date and Death Benefit Guarantee amount are not affected by Fund switches. The age of the monies that you are requesting be switched is not affected by a Fund switch from a Series 1 Fund to a Series 2 Fund. A Fund switch from Series 1 Fund to a Series 2 Fund will proportionately reduce the guarantee from the applicable policy year for Series 1.

## 6.14 Guarantee and Withdrawals

Withdrawals from the Contract will reduce the amount of the guarantees described in this Section of the Contract proportionally for the applicable policy year. The reduction will be calculated as follows:

Reduction = c x a/b where:

a = Market Value of the Units withdrawn applicable to that policy year;

b = Total Market Value of the Units applicable to that policy year prior to withdrawal;

c = amount of the guarantee applicable to that policy year.

The applicable Valuation Date for purposes of the death benefit is the death benefit date. Refer to Section 8.2, *Valuation Date*.

# 7. Values for this Contract

## 7.1 Market Value of the Contract

The Market Value of the Contract on any date will be the total of:

1. the value of the Units of all the Funds in the Contract at the close of business on the previous Valuation Date, **plus**
2. any Deposit that we have received, less any deductions, which has not yet purchased Units of a Fund.

The value of a Unit allocated to any Fund on any date will be equal to the value of a Unit in that Fund on the applicable Valuation Date. Refer to Section 8.2, *Valuation Date*.

The Market Value is not guaranteed but fluctuates with the investment performance of the assets of the segregated Fund(s).

## 7.2 Units Allocated to a Fund

Each time Units are allocated to a Fund under this Contract, the number of Units to this Contract's credit in that Fund will be increased by the number of Units then purchased in that Fund under this Contract.

Each time Units in a Fund are redeemed under this Contract, the number of Units to this Contract's credit in that Fund will be reduced by the number of Units then redeemed in that Fund under this Contract.

At any time, the value of the Units to the Contract's credit in any Fund will be equal to:

1. the number of Units then to the Contract's credit in that Fund, multiplied by
2. the value of a Unit in that Fund on the applicable Valuation Date.

## 7.3 Valuation Date of Requests

You may request that we purchase, redeem, or switch Units under Section 3.1, *Deposits*, Section 3.2 *Dollar-Cost Averaging*, Section 3.3 *Fund Switches*, Section 4, *Withdrawal Provisions*, or 10.1 *Cancellation of this Contract,* by providing us with the complete information that we require.

Valuation Dates are considered to end at the Valuation Date cut-off time, as determined by Manulife. Any instructions or transactions received by Manulife's Head Office after the Valuation Date cut-off time will be considered to be received as of the next Valuation Date.

Manulife reserves the right to change the Valuation Date cut-off time (earlier or later) to accept instructions or transactions. For example, we may require an earlier Valuation Date cut-off time for instructions or transactions received through different distribution or communication channels. We may require an earlier Valuation Date cut-off time in situations where the Toronto Stock Exchange or Manulife has closed earlier. Please contact your representative for the Valuation Date cut-off time that may apply to your specific transaction.

There may be situations during which the valuation of one or more Fund(s) may be postponed due to national emergencies, security exchange restrictions, or where it is not reasonably practical to provide values for the Fund(s). For more information, please refer to your Information Folder.

To ensure you receive scheduled payments on time, the Valuation Date for scheduled withdrawals will be several days in advance of the payment date.

# 8. Operation of the Segregated Funds

## 8.1 Fund

In this Contract, "Manager" refers to the person(s) who determines the market Value of the Units of any underlying fund that are held.

## 8.2 Valuation Date

On a Valuation Date, we value each of the Funds to determine the Market Value of the assets and, therefore, the value of a Unit in each Fund.

We will value the Funds on every Valuation Date. However, we may postpone valuation of the Funds:

1. for any period during which one or more of the nationally recognized stock exchanges are closed for other than a customary weekend or holiday closing,
2. for a period during which trading on securities exchanges is restricted,
3. when there is an emergency during which it is not reasonably practical for us to dispose of investments owned by the Funds or to acquire investments on behalf of the Funds or to determine the total Value of the Funds, or
4. when the Manager of any underlying fund does not provide us with the Unit Value on a Valuation Date.

The Funds will be valued at least monthly irrespective of any postponement.

## 8.3 Net Asset Value of a Unit

The value of a Unit in any Fund on any Valuation Date is calculated by determining the Market Value of all of its assets and subtracting all of its liabilities. The resulting amount is called the net asset value of the Fund. This amount is divided by the number of Units outstanding in order to calculate the net asset value of a Unit ("Unit Value").

All guarantees provided under this Contract are calculated taking into account the value of a Unit on the applicable Valuation Date for purposes of that benefit. Refer to Section 6, *Terms of the Guarantees*.

**The net asset value of a Unit in any Segregated Fund is not guaranteed but fluctuates with the investment performance of the assets of the Segregated Fund(s).**

## 8.4 Market Value of Fund Assets

The Manager of any underlying fund, in which any of our Funds holds an interest, will provide us with the net asset value per Unit ("Unit Value") of the applicable Fund on every day on which the underlying fund is valued. This Unit Value, multiplied by the number of Units of the underlying fund held by the applicable Fund, will be the Market Value of the applicable Fund. If there is no Unit Value provided to us on a Valuation Date, we will exercise our option to postpone the valuation of our Fund.

### 8.5 Fundamental Changes

We will notify you in writing at least 60 days before making any of the following fundamental changes:

- An increase in the management fee of a Fund,
- A change in the fundamental investment objectives of a Fund,
- A decrease in the frequency with which Units of a Fund are valued,
- An increase in the management fee of an underlying fund, which results in an increase in the management fee of a Fund, or
- An increase in the insurance fee limit specified in the financial statements and the Information Folder, if such costs are disclosed separately from the management fee.

A fundamental change to the Contract and/or a Fund will provide you with certain rights. In the event of a fundamental change to the Contract and/or a Fund, you will be given the opportunity in certain circumstances to Fund switch or withdraw Units of the Fund(s) without incurring charges. We will provide you with the withdrawal options and/or opportunities to Fund switch to a Similar Fund at least 60 days prior to the effective date of the fundamental change. A fundamental change will occur in the event of Fund(s) being closed or in the event that two or more Funds are merged. Fund mergers and closures will be subject to similar notice provisions and rights. If we do not offer a Similar Fund, you may request in writing to withdraw Units of the Fund without incurring charges.

For the purpose of being considered a Similar Fund, a Fund must have a comparable fundamental investment objective, be in the same fund investment category and have the same or lower management fee and insurance fee as the original Fund.

We reserve the right to make fundamental changes from time to time, subject to compliance with the provisions noted above.

We also reserve the right to change underlying funds. If such a change is a fundamental change, you will have the rights described in the Section above. Changing an underlying fund to another substantially similar underlying fund will not constitute a fundamental change provided immediately following the change the total management fee and insurance fee of the Fund is the same as, or lower than, its total management and insurance fee immediately before the change. A substantially similar underlying fund is one that has a comparable fundamental investment objective, is in the same fund investment category and has the same or lower management fee, and insurance fee, if applicable, as the original underlying fund. We will (a) notify you, our regulators, and the CLHIA at least 60 days in advance of the change (unless such notice is not practical in the circumstances, in which event we will provide notice as soon as possible as reasonably practical), and (b) amend or re-file the Fund Facts to reflect the change. The foregoing may be superseded by any regulatory developments governing changes to segregated funds.

# 9. Rescission

### 9.1 Right of Rescission

You may rescind the purchase of this Contract, and any allocation of your initial Deposit, by sending written notice to us within two business days of the earlier of the date you receive the confirmation of your first Deposit or five days after it is mailed. You will be refunded the lesser of the amount of your Deposit and the Market Value of your Deposit on the date we receive your request to rescind. We will refund any fees or charges applicable to the Deposit. The effective date for your request and the applicable Valuation Date are described in Section 7.3, *Valuation Date of Requests*.

You may rescind a subsequent Deposit or Fund switch by sending written notice to us within two business days of the earlier of the date you receive the confirmation of your transaction or five days after it is mailed. Your right of rescission will only apply in respect to the subsequent Deposit or Fund switch and will not rescind the purchase of the Contract or any other Deposit or Fund switch. For subsequent Deposits, you will be refunded the lesser of the amount of your Deposit and the Market Value of your Deposit on the date we receive your request to rescind. We will refund any fees or charges applicable to the Deposit. For a Fund switch, we will return the amount switched to the original Fund. The amount returned will be the lesser of the Market Value of the amount switched on the Valuation Date or the current Market Value. The effective date for your request and the applicable Valuation Date are described in Section 7.3, *Valuation Date of Requests*.

# 10. Termination Provisions

### 10.1 Cancellation of this Contract

You may effect the cancellation of this Contract at any time by requesting in writing that we withdraw all of the Units to the Contract's credit in all of our Funds. Cancellation of this Contract is subject to our then current administrative rules and fees.

If this Contract is cancelled within 90 days after the first Deposit, it may be subject to a withdrawal fee of 2% of the Deposits in addition to any Back-end sales charges that may apply.

The effective date of your request for cancellation and the applicable Valuation Date are described in Section 7.3, *Valuation Date of Requests*. The value of a Unit in any Fund on the date the Units are withdrawn will be equal to the value of a Unit in that Fund on the applicable Valuation Date.

**Settlement options**

When you request cancellation of this Contract, you must elect one of the following options:

a. you may choose to apply the Market Value of the Contract less any redemption fees, towards the purchase of an annuity in accordance with applicable legislation, or
b. you may elect to receive the Market Value of the Contract, less any redemption fees, in cash (subject to applicable legislation), or
c. you may elect another method of settlement which we are then offering.

Manulife reserves the right to close any or all of the Funds available to receive Deposits in the Contract upon advance written notice. In the event that we require all the Funds within the current Contract to be closed completely, we will provide you with the withdrawal options at least 60 days in advance of the Contract closing date. If you do not elect one of the options that are available to you by the Contract closing date, Manulife reserves the right to transfer the Market Value of the Contract to a new or existing segregated Fund product on the Contract closing date.

Upon cancellation of this Contract all of the Units will be redeemed. The number of Units to the Contract's credit will be reduced to zero. This Contract will terminate immediately. Payments made under this Section will discharge our obligations under the Contract. If the contract falls below a minimum value, as per our administrative rules at the time, we may charge an annual administrative fee. Once the Contract value reaches zero, this Contract will terminate immediately.

You may have rescission rights under this Contract. Please refer to Section 9, *Rescission*.

## 10.2 RRSP to RRIF, LIF, or other similar retirement income Contract provisions

If the Contract is registered, you have the right to request that it be amended to become a RRIF, LIF or other similar retirement income Contract as set out in this Section, provided that the Market Value is then equal to at least $2,500. Refer to Section 7.1, *Market Value of the Contract*.

For purposes of this Section, "RRIF" refers to a Registered Retirement Income Fund (or LIF, LRIF, PRIF, RLIF other similar retirement income Contract, where applicable).

The value of a Unit in any Fund on the Valuation Date of the request will be equal to the value of a Unit in that Fund on the applicable Valuation Date. The value of the Units in each Fund under the RRIF Contract immediately after the effective date of the amendment request will be equal to the value of the Units in the same Fund under this Contract immediately prior to the effective date of the amendment request.

On the Valuation Date of the amendment request:

a. the RRSP provisions of the Contract will terminate, and the RRIF provisions will be effective,
b. the Deposit Maturity Date(s) under the RRSP provisions will become the Deposit Maturity Date(s) under the RRIF provisions,
c. the Deposit Maturity Guarantee(s) and the Death Benefit Guarantee(s) under the RRSP provisions of the Contract will become the guarantee(s) under the RRIF provisions.

To exercise this privilege you must send us a written request and any administrative forms we require at our Head Office.

The RRIF amendment process will be subject to our then current administrative rules. The Valuation Date of the transfer request will normally be the date we receive your written request at our Head Office. Refer to Section 7.3, *Valuation Date of Requests*.

However, if you specify a date that is later than the date on which we receive your request, the Valuation Date will be the date you specify in your request. If the date you specify is not a Valuation Date, the applicable Valuation Date will be the one immediately after the date you specify.

Refer to Sections 7.3, *Valuation Date of Requests*, and Section 8.2, *Valuation Date*.

You will not be permitted to exercise this RRIF amendment privilege at any time that it is not allowed under the terms of the *Income Tax Act* (Canada) and any applicable provincial legislation.

If your death occurs on or before the Valuation Date of the amendment request, and we receive written notice of death at our Head Office after that date, the death benefit date will be deemed to be the Valuation Date of the amendment request, rather than the date we receive written notice of your death at our Head Office. Refer to Section 6.11, *The Death Benefit*.

## 10.3 Default Annuity

The Contract will provide a life annuity with payments guaranteed for 10 years with you as owner subject to our administrative rules and applicable legislation. If authorized by law, you may submit a request for a different type of annuity as listed in the Settlement Options. If you do not elect one of the optional methods of settlement prior to reaching the Maturity Date for the non- registered or registered Contract, or you have notified us in writing that Section 10.4, *Automatic RRSP to RRIF, LIF, or Other Similar Retirement Income Contract Provisions*, should not be applied to an RRSP Contract. This request must be submitted to us for consideration prior to reaching the Maturity Date for the Contract.

Except for the obligations related to the annuity payments, the establishment of an annuity will discharge our obligations under this Contract.

**Terms of the annuity**

The Default Annuity will be subject to the following provisions and will be subject to Subsection 4 of Section 13, *Additional Retirement Savings Plan Provisions*, for registered Contracts.

- The annuity will be a single life annuity on the Annuitant's life.
- The annuity will provide annual income payments. The payments will be guaranteed for your life or for 10 years, except in the case of registered Contracts.
- The income payments will be equal, except in the case of registered contracts. Refer to *Section 13* for further details.
- The date of the first income payment will be such that a full year's worth of income payments are scheduled to be made in the calendar year following the year in which the Default Annuity provision applies.
- If you die after income payments commence and there is no named successor annuitant the commuted value of any remaining income payments will be paid in one sum. This payment will be made to your named beneficiary, if there is one, otherwise to your estate.

**10.3.1 The following is an annuity table that specifies what the minimum annuity payment will be per$10,000.00 of contract value at the time of annuitization. (For contracts issued in Quebec only.)**

| Age (last attained) | Annual Rate per Contract Value |
|---|---|
| 50 | $153.85 |
| 55 | $166.67 |
| 60 | $181.82 |
| 65 | $200.00 |
| 70 | $222.22 |
| 75 | $250.00 |
| 80 | $285.71 |
| 85 | $333.33 |
| 90 | $400.00 |
| 95 | $500.00 |
| 100 | $666.67 |

This table reflects the minimum amount of the annuity. If annuity rates that we offer are higher at the time of annuitization, the annual rates may be higher.

## 10.4 Automatic RRSP to RRIF, LIF or Other Similar Retirement Income Contract Provisions

*Registered Contract Provision*: If the Contract is in force and you have attained the latest age in which you may hold an RRSP Contract as specified under the *Income Tax Act* (Canada), the Contract will be amended to become an RRIF. If you have an RRSP that is locked-in under pension legislation, the Contract will we amended to become a LIF, LRIF, or other similar retirement income Contract, subject to the applicable legislation requirements.

For purposes of this Section, "RRIF" refers to a Registered Retirement Income Fund (or LIF, LRIF, PRIF, RLIF, or other similar retirement income Contract, where applicable). "RRIF minimum amount" refers to the minimum amount as defined in paragraph 146.3(1) of the *Income Tax Act* (Canada).

The automatic amendment date is December 31 of the Contract Maturity Date. Section 10.2, *RRSP to RRIF, LIF, or Other Similar Retirement Income Contract Provisions* will apply on the automatic amendment date. The applicable Valuation Date will be the Valuation Date coinciding with the automatic amendment date. Refer to Section 8.2, *Valuation Date*. The value of a Unit in any Fund on the automatic amendment date will be equal to the value of a Unit in that Fund on the applicable Valuation Date.

**The value of a Unit in any segregated Fund is not guaranteed but fluctuates with the investment performance of the assets of the segregated Fund(s).**

You may elect any options available under the RRIF Contract by filing any administrative forms we require at our Head Office. In the absence of any election to the contrary, the following provisions will apply automatically:

a. On January 1 of each year following the automatic amendment date, we will calculate the RRIF minimum amount applicable to that year.

b. On December 31$^{st}$ of each calendar year, we will pay you an income amount equal to the RRIF minimum amount applicable to that year.

c. We will surrender Units credited to the Contract in one or more of our Funds in accordance with the provisions of the RRIF Contract, in order to pay each income amount in b). We will determine the Fund(s) in accordance with our then current administrative rules.

d. The beneficiary designation in effect under this Contract on the automatic amendment date will continue to be in effect.

e. If your spouse is the sole living beneficiary under the RRIF Contract, entitled to receive payments at the time of your death, then your spouse will become the Policyowner of the rights under the Contract following your death.

If your spouse has been named successor Annuitant under the RRIF Contract, entitled to receive payments at the time of your death, then your successor Annuitant will become the Policyowner of the rights under the Contract following your death.

# 11. Additional Provisions for Guaranteed Investment Fund (GIF) Contracts

## 11.1 Death Benefit Guarantee for GIF Contracts (not applicable to GIF *encore* Contracts)

The Death Benefit Guarantee is determined at the time of Deposit to be 100% of the Deposit Value amount. The death benefit calculation is the same for Deposits allocated to Series 1 Funds and Series 2 Funds. Death Benefit Guarantees are proportionately reduced for withdrawals or transfers out of the Contract. A Fund switch from a Series 1 Fund to a Series 2 Fund will proportionately reduce the guarantee of the applicable Series 1 policy year, and will increase the guarantee of the applicable Series 2 policy year.

## 11.2 Resetting the Guarantees of the GIF Contract (not applicable to GIF *encore* Contracts)

By resetting the guarantees, you may change the Deposit Maturity Date(s) to 10 years after the Date you request a reset (your reset date). When you request a reset to the guarantee it automatically changes all the existing Deposit Maturity Dates in the Contract to one new Deposit Maturity Date. If you have Deposits allocated to both Series 1 and Series 2 Funds and you elect to reset your guarantees, you will reset the Deposit Maturity Guarantees in both your Series 1 and Series 2 Funds. You cannot reset only one Series of Funds within your Contract. Following a reset, you will have one Deposit Maturity Guarantee amount and one Death Benefit Guarantee amount for each guarantee level—therefore, you will have two Deposit Maturity Guarantees and 2 Death Benefit Guarantees if you have investments in both series. A reset of both series of Funds only counts as one reset towards the maximum resets allowed for a calendar year under your Contract or our administrative rules.

| Annuitant's Age | Resets Available |
|---|---|
| Up to the day before the Annuitant's 70th birthday | 2 |
| From the 70th birthday to the day before age 90 | 1 |
| From the 90th birthday forward | 0 |

If you do not initiate any available resets during the 10-year guarantee period, the Deposit Maturity Guarantee will be automatically reset on a Deposit Maturity Date to a new 10-year guarantee using the same reset calculations applicable to the Contract.

We reserve the right to refuse any request for a reset, or to change the reset features, according to the administrative rules we have in place at that time.

**New Deposit Maturity Guarantee following a reset**

For each policy year of Series 1 Funds, we take 100% of the greater of i) the Deposit Value, or ii) the corresponding Market Value on the reset date. Then, we sum the greater of these amounts for each policy year to determine a new Deposit Maturity Guarantee amount for your Series 1 Funds. The new amount is guaranteed on the new Deposit Maturity Date, which is set for ten years from the reset date. For each policy year of Series 2 Funds, we take 75% of the greater of i) the Deposit Value, or ii) the corresponding Market Value on the reset date. Then, we sum the greater of these amounts for each policy year to determine a new Deposit Maturity Guarantee amount for your Series 2 Funds. The new amount is guaranteed on the new Deposit Maturity Date, which is set for 10 years from the reset date.

**New Death Benefit Guarantee following a reset**

For the new Death Benefit Guarantee, we first take the greater of 100% of the Deposit Value, or 100% of the Market Value for each policy year of Deposits. Then we add together the greater of these amounts for each policy year to arrive at one new Death Benefit Guarantee amount.

# 12. Additional Provisions for Guaranteed Investment Funds *encore* (GIF *encore*) Contracts

## 12.1 Death Benefit Guarantee for GIF *encore* Contracts (not applicable to GIF Contracts)

During the initial policy year and prior to the first policy anniversary, the Death Benefit Guarantee is calculated at the time of Deposit to be 100% of the Deposit Value.

Death Benefit Guarantees are proportionately reduced for withdrawals or transfers out of the Contract. A fund switch from a Series 1 Fund to a Series 2 Fund will proportionately reduce the guarantee of the applicable Series 1 policy year, and will increase the guarantee of the applicable Series 2 policy year.

**Policy Anniversary Calculation**

On each policy anniversary, we will calculate the Death Benefit Guarantee for each policy year of Deposits. The Death Benefit Guarantee for each policy year will equal the greater of:

f. the Deposit Value (proportionately reduced for withdrawals) for each policy year multiplied by the escalating death benefit percentage (shown in the table below) applicable to that policy year, or

g. the Market Value of the Units of the Contract corresponding to the Deposit Value on the policy anniversary, or

h. the existing Death Benefit Guarantee calculated at the previous policy anniversary (proportionately reduced for withdrawals).

**Initial 10 Years and Subsequent Decades**

| Age of policy | Escalating death benefit percentage |
|---|---|
| Prior to First Anniversary | 100% of Deposit Value |
| 1st Policy Anniversary | 104% of Deposit Value |
| 2nd Policy Anniversary | 108% of Deposit Value |
| 3rd Policy Anniversary | 112% of Deposit Value |
| 4th Policy Anniversary | 116% of Deposit Value |
| 5th Policy Anniversary | 120% of Deposit Value |
| 6th Policy Anniversary | 124% of Deposit Value |
| 7th Policy Anniversary | 128% of Deposit Value |
| 8th Policy Anniversary | 132% of Deposit Value |
| 9th Policy Anniversary | 136% of Deposit Value |
| 10th Policy Anniversary | 140% of Deposit Value |

If you have investments in both Series 1 and Series 2 Funds, you will have two anniversary dates. The Policy Anniversary Calculation for each series will be performed on the anniversary date that apply to that series.

**Death Benefit Guarantee Age 80 Calculation**

The Death Benefit Guarantee will be recalculated on the Annuitant's 80th birthday. At this age, the annual policy anniversary calculation stops. The Death Benefit Guarantee for each policy year will equal the greater of:

a. 100% of the Deposit Value (proportionately reduced for withdrawals), or

b. 100% of the Market Value of the Units of the Contract representing the above Deposit Value.

c. For new Deposits and on every 10-year maturity date following the Annuitant's 80th birthday the Death Benefit Guarantee becomes 100% of the new Deposit Value.

# 13. Additional Retirement Savings Plan Provisions

The following provisions apply to the Contract if you requested the Contract be registered as a Registered Retirement Savings Plan (RRSP) under the *Income Tax Act* (Canada) ("The Act"):

1. In these provisions "you", "your", and "owner" refer to the person who has Policyowner's or policyholder's rights under the Contract, the Annuitant as defined under the *Income Tax Act* (Canada) ("The Act"). As used in these provisions, "spouse" or "common-law partner" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of The Act respecting Registered Retirement Savings Plans.
   a. The Contract will be registered as an RRSP under The Act and any applicable provincial income tax legislation.
   b. No "advantage" as defined under Subsection 207.01(1) of The Act that is conditional in any way on the existence of the Contract may be extended to you or to a person with whom you are not dealing at arm's length.
   c. No Deposits will be accepted under the Contract after income payments commence. The Contract cannot be assigned either absolutely or as collateral security.
   d. No payments will be made prior to the Contract maturity except a refund of premiums in a lump sum or a payment to you.
   e. If you request a withdrawal under the Contract you may elect to take the Market Value of the Contract, after any Surrender Charges specified in the Contract, under one of the following options:
      i. Transfer it to another Registered Retirement Savings Plan,
      ii. Transfer it to a Registered Retirement Income Fund,
      iii. Use it to purchase an annuity as described in Section 4 below, or
      iv. Take it in cash, less any tax we are required to withhold or
      v. Transfer it to a registered pension plan, where permitted.
2. If you die before income payments commence, the proceeds will be paid in one sum, unless a "refund of premiums" as defined in Subsection 146(1) of The Act has been requested.
3. Upon request, we will pay an amount to the taxpayer before the date of the first income payment for the purpose of reducing the amount of income tax otherwise payable by the taxpayer under Part X.1 of The Act.

4. Under the terms of The Act, any annuity purchased under Section 1(e)(iii) herein must satisfy the following requirements:
   a. The annuity elected must be a single life annuity on your life, a joint and survivor life annuity on the lives of you and your spouse or common-law partner, or a term certain annuity on your life.
      i. If a single life annuity or a joint life annuity is elected, the period of the guarantee must not exceed a period of years equal to 90 minus your age in whole years, or your spouse's or common-law partner's age in whole years, if younger.
      ii. If a term certain annuity is elected, the term of the annuity must be equal to one of the periods of years specified in the preceding paragraph.
   b. The annuity must provide annual or more frequent income payments.
   c. The income payments must be equal, except that the amount of each income payment may be increased or reduced in accordance with paragraph 146(3)(b) of The Act. Income payments are not permitted to be increased as a consequence of your death.
   d. The date of the first income payment must be such that a full year's worth of income payments are scheduled to be made in the calendar year following the year in which the Retirement Savings Plan matures in accordance with The Act.
   e. If you die after income payments commence, and the beneficiary is not your spouse or common-law partner, the commuted value of any remaining income payments will be paid in one sum. This payment will be made to your named beneficiary, if there is one, otherwise to your estate.
   f. The income payments may not be assigned in whole or in part.
   g. During your lifetime, all income payments must be made to you.
5. The provisions of the Retirement Savings Plan will take precedence over any other provisions contained elsewhere in this Contract, in case of conflict or inconsistency. Future amendments to The Act or subsequent legislation may override these provisions.
6. We reserve the right to resign as the issuer of the registered plan and appoint a successor issuer.

# 14. Additional Retirement Income Fund Provisions

The following provisions apply to the Contract if you have been issued a RIF, LIF, LRIF, PRIF, RLIF, or other similar retirement income Contract.

1. In these provisions "you", "your", and "owner" refer to the person who has Policyowner's or policyholder's rights under the Contract, the Annuitant as defined under the *Income Tax Act (*Canada) ("The Act"). As used in these provisions "spouse" or "common-law partner" does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of The Act respecting Retirement Income Funds.
2. The Contract will be registered as a Registered Retirement Income Fund (RRIF) under The Act and any applicable provincial income tax legislation.
3. We will not accept money under this Contract other than money transferred from:
   a. a Registered Retirement Savings Plan (RRSP) under which you are the owner,
   b. a Registered Pension Plan (RPP) under which you are a member or former member,
   c. another Registered Retirement Income Fund (RRIF) under which you are the owner,
   d. the owner, to the extent that the amount qualifies as an amount described in Sub-paragraph 60(l)(v) of The Act,
   e. an RPP of your spouse, common-law partner, or former spouse in accordance with Subsection 147.3(5) or (7) of The Act,
   f. an RRSP or RRIF of your spouse, common-law partner or former spouse as a result of marriage breakdown or upon death,
   g. a specified pension plan under which Subsection 146(21) of The Act applies. No payments under the Contract may be assigned either in whole or in part. This Contract can not be assigned either absolutely or as collateral security.
4. Unless prevented by applicable legislation, you may request a transfer of all or a part of the value of the Contract to:
   a. another RRIF of which you are the owner,
   b. an RRSP of which you are the owner, provided that the transfer is prior to the latest RRSP maturity date as specified under The Act,
   c. a RRIF or RRSP of the owner's spouse, common-law partner, or former spouse as a result of marriage breakdown or upon death,
   d. to purchase an immediate life annuity in accordance with clause 60(l)(ii)(A) of The Act. The transfer amount shall be reduced by the amount by which the RRIF minimum amount for the year exceeds the total of scheduled and unscheduled payments that have been made under the Contract during the year, including any tax withheld and any Surrender Charges. We are required by law to pay you this excess amount at the time of transfer in order to meet the RRIF minimum amount for the year, less any tax or Surrender Charges applicable.
5. The RIF Contract is also subject to the following:
   a. We shall make no payments under this Contract other than:
      i. the payments and withdrawals permitted within this Contract,
      ii. the death benefit described in the death benefit Section,
      iii. transfers to other plans described in paragraph 4 herein.
   b. No payments under the Contract may be assigned either in whole or in part. This Contract can not be assigned either absolutely or as collateral security.

c. Any transfer made under this Contract shall be in the form and manner prescribed by The Act, and required information necessary to administer the transferred amount will be provided to the transferee company.

d. The Contract provides that:

i. a minimum amount will be paid each calendar year, as referred to in Subsection 146.3(1) of The Act.

ii. the carrier has no right to offset as regards the property held in connection with the Contract in respect of any debt or obligation owing to the carrier,

iii. the property held cannot be pledged, assigned, or in any way alienated as security for a loan or for any purpose

e. No “advantage” as defined under Subsection 207.01(1) of The Act that is conditional in any way on the existence of the Contract may be extended to you or to a person with whom you are not dealing at arm’s length.

6. The provisions of the Retirement Income Fund will take precedence over any other provisions contained elsewhere in this Contract, in case of conflict or inconsistency. Future amendments to The Act or subsequent legislation may override these provisions.

7. We reserve the right to resign as the carrier of the registered plan and to appoint a successor carrier.

# 15. Additional Tax-Free Savings Account Provisions

The following provisions apply to the Contract if you have requested we make an election to register the Contract as a Tax-Free Savings Account (TFSA) under the Income Tax Act (Canada)(“The Act”):

1. In these provisions, “you”, “your”, “owner”, and “holder” refer to the person who has Policyowner’s or Policyholder’s rights under the contract; the Annuitant or holder, is the “holder” as defined under the *Income Tax Act* (Canada) (“The Act”). “Contract” is given the same meaning as a “qualifying arrangement” under The Act. “Survivor” means another individual who is, immediately before the individual’s death, a spouse or common-law partner of the individual. As used in these provisions, “spouse” or “common-law partner” does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of The Act respecting the Tax-Free Savings Account.
2. We will file an election to register your Contract as a Tax-Free Savings Account under The Act and any applicable provincial income tax legislation.
3. You must be a resident of Canada and at least 18 years of age to apply for a Tax-Free Savings Account. If you subsequently become a non-resident of Canada, there are restrictions and penalties, as set out in The Act, which may apply. You will notify us if you become a non-resident of Canada.
4. All Deposits must be made by you in accordance with paragraph 146.2(2)(c) of The Act.
5. If you request a withdrawal under the Contract you may elect to take all or part of the Market Value of the Contract, after any redemption fees specified in the Contract, in cash or transfer it to another Tax-Free Savings Account held by you, per paragraph 146.2(2)(e) of The Act.
6. The Tax-Free Savings Account must be maintained for your exclusive benefit as stipulated in paragraph 146.2(2)(a) of The Act.
7. The arrangement prohibits, while there is a holder of the arrangement, anyone that is neither the holder of the nor the issuer of the arrangement from having rights under the arrangement relating to the amount and timing of the withdrawals and the investing of funds in accordance with paragraph 146.2(2)(b) of The Act.
8. Upon your death, your surviving spouse or common-law partner may become a successor holder under the TFSA contract if certain conditions are met. Where available under applicable provincial and territorial law, if your spouse is named sole primary beneficiary, your spouse will automatically become Policyowner of the rights under the Contract after your death. In this case, your spouse may exercise every right as Policyowner of the rights under the Contract. If your spouse is named as sole primary beneficiary, any secondary or subsequent beneficiary appointments made prior to your death are ineffective.
9. Withdrawals may be made to reduce the amount of tax otherwise payable by you under Section 207.02 or 207.03 of The Act.
10. The Contract will provide a Term Certain annuity where payments are guaranteed for a 10-year period. The annuity is subject to our administrative rules and applicable legislation. However, if authorized by law, you may submit a request for a different type of annuity as listed in the Settlement Options. This request must be submitted to us for consideration prior to reaching the Maturity Date for the Contract.
11. For contracts issued in Quebec, the minimum annual annuity payment will be $1,000 per $10,000 of contract value.
12. The provisions of the Tax-Free Savings Account will take precedence over any provisions contained elsewhere in this Contract, in case of conflict or inconsistency. Future amendments to The Act or subsequent legislation may override.
13. We reserve the right to resign as the issuer of the Tax-Free Savings Account and appoint a successor issuer.
14. This Contract complies with prescribed conditions under The Act.

# Schedule A – Redemption Fee Table (for Back-end option Funds only)

| | Maximum sales charges | Withdrawal made during the first seven years following the date of Deposit | Manulife GIF Redemption fees as a percentage of original Deposit amount | Manulife GIF *encore* Redemption fees as a percentage of original Deposit amount |
|---|---|---|---|---|
| Money Market Fund (excludes the Dollar-Cost Averaging Fund and No-load Money Market Fund) | Nil | Year 1 | 2.25 | 2.25 |
| | | Year 2 | 1.75 | 2.00 |
| | | Year 3 | 1.25 | 1.75 |
| | | Year 4 | 0.75 | 1.25 |
| | | Year 5 | 0.25 | 1.00 |
| | | Year 6 | 0 | 0.75 |
| | | Year 7 | 0 | 0.50 |
| | | Year 8 and Subsequent years | 0 | 0 |
| Bond and Dividend Funds | Nil | Year 1 | 4.50 | 4.50 |
| | | Year 2 | 3.50 | 4.00 |
| | | Year 3 | 2.50 | 3.50 |
| | | Year 4 | 1.50 | 3.00 |
| | | Year 5 | 0.50 | 2.50 |
| | | Year 6 | 0 | 2.00 |
| | | Year 7 | 0 | 1.50 |
| | | Year 8 and Subsequent years | 0 | 0 |
| Asset Allocation, Balanced, and Equity Funds (includes the Dollar-Cost Averaging Fund) | Nil | Year 1 | 5.50 | 5.50 |
| | | Year 2 | 4.50 | 5.00 |
| | | Year 3 | 3.50 | 4.50 |
| | | Year 4 | 2.50 | 3.75 |
| | | Year 5 | 1.50 | 3.00 |
| | | Year 6 | 0 | 2.00 |
| | | Year 7 | 0 | 1.50 |
| | | Year 8 and Subsequent years | 0 | 0 |

Manulife Investment Management

For more information, please contact your advisor or visit **manulifeim.ca**



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