



Insured Retirement Program ... A Client Profile

The Insured Retirement Program is a financial planning strategy designed to meet your client's dual need for insurance protection now and a supplement to retirement income in the future.

WHY DOES IT WORK?

- provides client with needed life insurance protection
- provides an opportunity to create cash value that grows on a tax-deferred basis
- provides security for a loan
- borrowed funds are tax-free
- insurance proceeds provide a means of repaying the loan at death

HOW DOES IT WORK?

Your client purchases an exempt life insurance policy and creates cash value by depositing amounts into the policy in excess of what is required to pay the policy charges. At retirement, the insurance policy is used to secure a loan, structured as a line of credit, from Manulife Bank. Your client receives the borrowed funds tax-free and uses them to supplement retirement income. At death, the insurance proceeds repay the line of credit and any excess amount is paid to your client's beneficiary.

WHY DOES IT WORK?

- individual, Canadian-resident taxpayers
- ages 30 to 55 and in good health
- need permanent life insurance protection
- have funds available to invest
- want to supplement retirement income
- have maximized RRSP/pension plan contributions
- have minimized non-deductible debt
- receptive to long term planning strategies not averse to debt



AN EXAMPLE

Your client is a 40-year-old male non-smoker. He currently needs \$1,000,000 of life insurance. He plans to deposit \$45,000 into the life insurance policy for the next 15 years. He plans to retire at age 65 and estimates that during retirement, he needs an after-tax income from non-registered sources of approximately \$50,000. With the Insured Retirement Program, he can receive tax free loans from age 65 to age 83 in the amount of \$50,000 each year. Here's a comparison ...

InnoVision and the Insured Retirement Program		Taxable investment
Annual deposit	\$45,000	\$45,000
Rate of return	5%	5%
Annual tax free pay-out	\$50,000	\$50,000
Death benefit at age 83	\$3,521,449	\$628,648
Loan balance at age 83	\$1,638,000	\$0
NET ESTATE VALUE	\$1,883,450	\$628,648

Personal tax rate assumption: 45% Loan rate assumption: 6%

WHY CHOOSE MANULIFE

When your client purchases a policy from us, they put their financial dreams in our hands. That's not a responsibility we take lightly.

- Leading edge life and living benefits products
- Tax and estate planning expertise and support on complex tax and estate planning issues
- A Canada-wide team of experienced actuaries can help you understand all the aspects and implications of the product your client is considering
- Facilitators in the underwriting process to get your clients' large cases through underwriting as quickly and as smoothly as possible
- Marketing support to develop customized solutions to help you make the sale



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