

## Putting it all together - Tax transition rules and Universal Life re-price transition rules

At Manulife, policies that are **printed for delivery** on or before December 31, 2016 will be considered issued before 2017 and therefore subject to the existing tax rules. The print date appears on the contract beside "This page is effective" and "Your policy issue date". Please note that this use of "print date" as "issue date" is Manulife's interpretation of the relevant tax legislation. Other carriers may take different approaches or interpretations.

### October 31, 2016 - Tax changes application deadline – All insurance products

- **We cannot guarantee** that all applications received by October 31, 2016 will be processed before year end, but we feel confident that this provides enough time to process most applications.
- Completed and signed application or forms with all underwriting requirements and other requirements must be received **in good order** before 5:00 pm EDT on **October 31, 2016**.
- Applications and policy changes that are **not** in good order may not be processed in time for January 1 2017, and therefore may result in policies subject to the new tax rules.

### Temporary Insurance Agreement – All insurance products

In accordance with information communicated by CLHIA, policies that are **printed after December 31, 2016** may be considered issued before 2017 and therefore subject to the existing tax rules if they meet all the following criteria:

- We receive the complete and signed application in good order on or before December 31, 2016, and
- The application is for a new coverage on a new policy, and
- The face amount of the coverage applied for is \$1,000,000 or less, and
- We issue a temporary insurance agreement (TIA) on or before December 31, 2016 in connection with the coverage applied for, and
- On December 31, 2016 nothing other than completion of medical underwriting is outstanding for issuance of the policy
- The effective date on the contract beside "Your policy date" is on or before December 31, 2016, with all premiums or policy costs paid from that date, and
- The policy is delivered to the applicant on or before March 31, 2017

If all the criteria listed above are met we will attach an endorsement to the policy that states the policy was issued before January 1, 2017 for tax purposes, even if the policy's print date is in 2017.

### Universal Life products re-price transition rules

Universal life products are being re-priced effective November 26, 2016.

Any applications received at Manulife's Head Office by the **deadline of 5:00 pm EST on November 25, 2016** will be eligible for the old cost of insurance rates as long as the policy or coverage:

- **is issued by December 31, 2016**
- is placed in effect within 30 days of issue
- has never been closed

Since the policy or coverage will be issued with an effective date before November 26, 2016, the policy owner will be required to pay premiums or policy costs from that date.

If we are unable to issue the policy by December 31, 2016, the policy or coverage **will receive new cost of insurance rates**. If this happens, a new signed illustration will be required on delivery.

### Temporary Insurance Agreement and Universal Life re-price

If we issue a temporary insurance agreement (TIA) before November 26, 2016 in connection with a universal life policy (old rates) applied for prior to the effective date of the UL re-price, and the face amount of the coverage is \$1,000,000 or less, **we will issue the policy with the old rates**, even if the policy is **printed after December 31, 2016**, as long as the conditions outlined below are met:

- The application is for a new coverage on a new policy, and
- On December 31, 2016 nothing other than completion of medical underwriting is outstanding for issuance of the policy
- The effective date on the contract beside "Your policy date" is on or before November 26, 2016, with all premiums or policy costs paid from that date, and
- The policy is delivered to the applicant on or before March 31, 2017

The policy will fall under the pre 2017 tax rules, and we will attach an endorsement to the policy that states the policy was issued before January 1, 2017 for tax purposes, even if the policy's print date is in 2017.

### Summary table for Universal Life products

In good order application submitted	Products	Rates @ time of application	Print date/ Issue date	Rates @ time of issue	Tax rules
Before November 26, 2016	MUL, SUL, Innovision,	old	Before or on Dec 31 2016	old	existing
	MUL, SUL, Innovision without TIA or over \$1M	old	After Dec 31 2016	new	new
	MUL, SUL, Innovision \$1M or less with <b>TIA</b>	old	After Dec 31 2016, as long as policy is settled by March 31, 2017 and policy date is in 2016	old	Existing (provided all criteria are met)
After November 25, 2016	MUL, SUL, Innovision,	new	Before or on Dec 31, 2016	new	existing
	MUL, SUL, Innovision without TIA or over \$1M	new	After Dec 31 2016	new	new
	MUL, SUL, Innovision \$1M or less with <b>TIA</b>	new	After Dec 31 2016, as long as policy is settled by March 31, 2017 and policy date is in 2016	new	Existing (provided all criteria are met)

### Have questions?

Please contact your Manulife representative. If you are an advisor contracted with an MGA, please contact your back office. If you are an Elite advisor, please contact your Regional Actuarial Consultant.