



## Insurance

### Important changes coming for universal life products

We are making changes to our universal life products, effective November 26, 2016. We are providing you with information to help ensure that policies will be issued under current tax rules with current cost of insurance rates. The legislative tax changes take effect January 1, 2017.

The 2017 legislative tax changes impact the Investment Income Tax (IIT) that is payable on universal life products. These changes result in Manulife changing the pricing of our level cost, universal life insurance products. This announcement was created to communicate the upcoming changes in advance of the implementation date.

#### Manulife UL

The core product features that were launched with Manulife UL will remain the same, as Manulife UL was originally designed with the upcoming tax changes in mind. For example, Manulife UL will continue to offer the rate enhancement, lower fees on investment accounts, and the ability to offer Term Insurance Riders (TIR) on both Joint Last-to-Die policies, and for individuals other than the base insured on single life policies.

The key changes on Manulife UL will relate to commission changes on Manulife UL YRT (Yearly Renewable Term) products, as well as a re-price of Manulife UL Level products.

#### Manulife UL YRT commission structure changes

##### Changes to commission amounts and structure for Manulife UL YRT

Effective November 26, 2016, the commission structure for Manulife UL YRT new business policies will change.

The following table outlines these changes:

Commission Type	Commission Basis	Current Commission		New Commission	
		Year 1	Year 2	Year 1	Year 2
Draw (minimum monthly deposit)	Yearly renewable insurance coverage (Tier 1)	50%	50%	<b>60%</b>	<b>2%</b>
Deposit	Deposits greater than the policy's minimum annual deposit up to and including the target premium (Tier 2)	20%	20%	<b>60%</b>	<b>2%</b>
	Deposits in excess of the target premium (Tier 3)	2%	2%	2%	2%

## Introduction of asset based commission for Manulife UL YRT

Our current compensation structure for Manulife UL YRT is a combination of draw and deposit compensation. Effective November 26, 2016, we will add asset based commission for Manulife UL YRT Gold and Client Investment Select. This change will be applied to new business and all inforce Manulife UL YRT policies. Inforce policies will only be eligible for asset based commission starting on November 26, 2016.

With asset based commission, your commission is payable monthly, based on the month-end account value of your client's policy. It is paid as earned on the monthly processing day.

Commission Type	Commission Basis	Commission Rate
		All years
Asset Based	Month-End Account Value	0.0209% per month (0.2508% per annum)

### **Manulife UL Level cost of insurance changes**

Effective November 26, 2016, Level cost of insurance rates will increase between 2% and 11% for all Manulife UL Level cost of insurance options. This includes Level to 100, 10 Pay and 20 Pay options. These changes will impact new business and policy changes on inforce policies.

### **Diamond View version 15.12**

Diamond View will be available for download on November 26, 2016. For Manulife UL, this update will implement changes for cost of insurance, commission, and 2017 legislative tax.

### **InnoVision and Security UL**

Most of the current product features available in InnoVision and Security UL will remain the same, such as the bonus options, and minimum guaranteed interest rates. The changes for these products will be that some features on DiamondView will be removed, along with a reprice of level cost of insurance charges.

### **Changes to Diamond View features for InnoVision and Security UL**

The following features will be removed from Diamond View for InnoVision and Security UL.

- Multi-life capabilities, including riders
- Account Value (AV) on Each Death as death benefit options
- Term Insurance Riders on joint policies
- Protection Indexor Rider (PIR) (InnoVision only)

## **InnoVision and Security UL Level cost of insurance changes**

Effective November 26, 2016, Level to 100 cost of insurance rates will increase between 3% and 8% for all InnoVision and Security UL policies. These changes will impact new business and policy changes on inforce policies.

## **Diamond View version 15.12**

Diamond View will be available for download on November 26, 2016. For Security UL and InnoVision, this update will implement the cost of insurance changes only, and the 2017 tax changes will be updated in the New Year.

## **Year-end deadline for submitting business in good order to qualify for existing pricing and tax rules**

It is important to note that policies issued prior to January 1, 2017 will be issued under the current tax rules. Loss of grandfathering may occur if certain changes are made to existing policies after December 31, 2016 causing them to be subject to the new tax rules. New policies issued after December 31, 2016 will be subject to the new tax rules.

### ***The year-end deadline for submitting new business, with all underwriting requirements satisfied, is October 31, 2016.***

We will process new business applications and policy change requests received after October 31, 2016 on a best-efforts basis. However, submitting business after October 31, 2016, or submitting business without final requirements in place, means that the policy could be subject to the new tax rules and cost of insurance rates. We therefore recommend that you submit your applications and policy change forms as early as possible.

## **Learn more**

For more information about the changes going into effect on November 26, 2016, and how to ensure current cost of insurance rates, please refer to the **Transition Rules**. For more information on submitting business to be issued before January 1, 2017, please see "[Preparing for the new 2017 tax legislation](#)" on Repsource. For questions, please contact your Manulife sales representative.

### ***More info on legislative tax changes***

Want more information on legislative tax changes? Please visit the [2017 Insurance Tax Changes Education Centre](#) on Repsource - a central place for you to easily access valuable expert information and education to help you prepare your business and your clients for the new legislative tax rules that will impact life insurance.