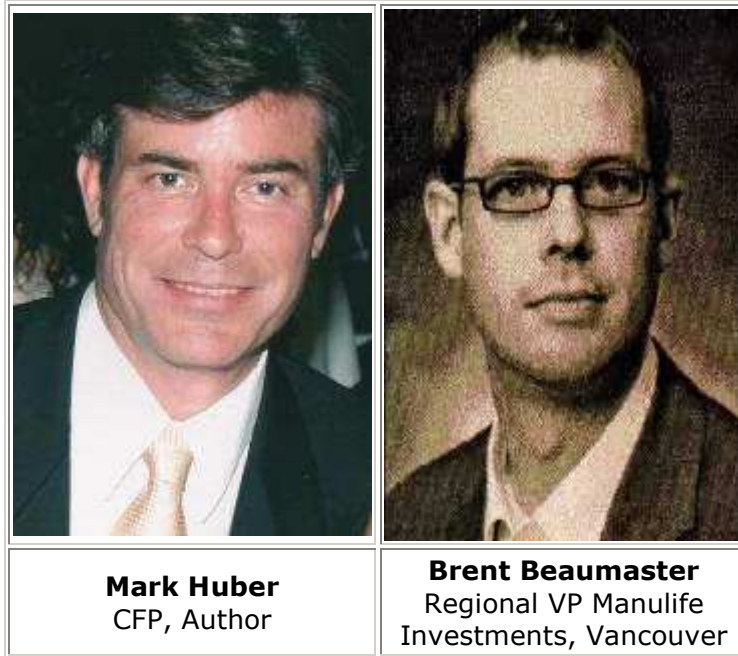


“Income Plus”

“How To Receive A Guaranteed Income For Life”

Teleconference Call Transcript



Teleconference Call Audio Recording

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Mark Huber: Well, hello and welcome to everyone on today's call, "IncomePlus." My name is Mark Huber and I welcome each and every one of you that are listening today on the call. For those of you that don't know me, I'm a certified financial planner and I've worked in the financial services industry for over 22 years. I subscribe to the spirit of a quote that says, we believe that when we discover something of great value it is our obligation and pleasure to share it with others. And that's why I've also authored numerous downloadable e-books and audios and such to be read. These are hosted on my premiere website, <http://howtobesetforlife.com> In fact, we will have the audio replay of today's call posted in our "Ask An Expert" section on <http://howtobesetforlife.com> So don't worry about writing anything down just yet. Sit back, relax, listen and enjoy. Before I forget, we will be having a live Q&A period towards the end of the call where you can ask today's guest Brent Beaumaster any question that you want on IncomePlus. Now I'm sure that you, like most, have seen and heard about Manulife's Income Plus product and today you will get a rare opportunity to learn all about it. And so what I did was call up my go-to person at Manulife Financial, Brent Beaumaster, and he graciously agreed to join us on today's call and to give us a

background as to why the product was created and to tell us how it works and to take away any questions that might be on your mind surrounding Income Plus. Now Brent Beaumaster is the regional vice-president for Manulife Investments, Vancouver region and Brent believes that one of the most important aspects of his role is providing sophisticated, yet simple solutions, for clients utilizing Manulife's breadth of investment options. And for this Brent relies upon over seven years of experience in the financial services industry. He has made numerous media appearances such as CTV RRSP panel of specialists and is an often requested and accomplished speaker at corporate and client events. Brent also holds a Professional Financial Planners designation, a PFP. He enjoys golfing, skiing and hockey and I understand he also owns a 69-pound English bulldog and he resides in Vancouver and enjoys walking his bulldog on Kits Beach. So today it's with great pleasure that I welcome to the call Brent Beaumaster from Manulife.

Brent Beaumaster: Good morning, Mark. Thank you so much for having me on the call.

Mark: Well, it's our pleasure, Brent, and I would say also that today on the call I know we've got some teachers, a couple of hospital employees, some self-employed individuals, realtors,

and a few business owners on the call. Of course, each comes with their own set of circumstances and investment criteria. The great thing here is that everyone on the call is taking a proactive approach to learning about IncomePlus and how also they might be able to benefit from including IncomePlus in their portfolio. So to start off with, let's start with some background. What need did Manulife see in the marketplace as to why they created IncomePlus and brought it to the market?

Brent: It's a great question, Mark. And essentially-- I'll just back up a bit. I'm sure all of our listeners are familiar with who Manulife Financial is and I would be surprised if they haven't heard of our corporation because essentially Manulife actually is the largest insurance provider in the world. They're also one of the oldest companies that we have here in Canada. They were formed in the late 1800's. A quick little sound bite a lot of people aren't aware of, Mark, is that our first president of Manulife Financial Corporation, Sir John A. Macdonald, of course, our first prime minister here in Canada.

Mark: Really? Is that right? I didn't know that.

Brent: Yeah. So we have the history and we have the breadth and it's very important your listeners-- they're allowing me to entertain them for 30 seconds here because we're going to be talking

about some serious guarantees that they've never heard of before. They're going to be hearing about a solution that is new to them so I want to congratulate them for being educated today. But more importantly, just to give them a bit of background on where this came from and then to answer your question on why Manulife thought it was important to bring it to the market here in Canada.

Essentially, Manulife Financial Corporation bought a small company, I'm being mildly facetious, called John Hancock Financial in the United States. And it was actually one of the largest deals in Canadian business history because usually it's the other way around where you have a large U.S. conglomerate purchasing a Canadian company. In doing so, we looked at their business model and we wanted to ask them, what are they offering their clients that are nervous about the marketplace, that are approaching retirement. So, of course, they don't have a tremendous amount of time on their side to ride out this terrible volatility we've been experiencing. But more importantly, for people that are already in retirement and what they're able to do to make sure that they have a consistent lifestyle and aren't dependent upon so much an income statement or a return to dictate what kind of lifestyle

that will be. And in the United States the solution we're talking about today they call it a variable annuity. They call them "V.A.'s." So the solution that Manulife brought to Canada has been around in the U.S. for, believe it or not, over 20 years. It's also been available in Asia for the last seven or eight years. But when Manulife visited this, they thought, well, why in the heck has no one brought this to Canada before? Because of these reasons that I'm sure your listeners are experiencing right now in their life. You will go through three main wealth stages, we call it, in your life when it comes to being an investor. Your first stage is typically, you know, 30 to 50; your second stage is 50 to 75; and your third stage is 75 and beyond. Now each of the stages is going to require, of course, a different customized solution because obviously, our needs change as we become older. What we're experiencing in Canada is that we have our investors in Canada, our population is living longer than it ever has before. Statistics Canada tells us that the average Canadian is retiring at 61, for wrong or right, it doesn't matter. But the important message here is that in actuarial mathematical science, insurance companies measure people's lives, obviously. And they will call one mathematical equation called "joint life expectancy" and that

means two people living together will live longer than separate from each other. So you take that same 61-year-old couple, they're non-smokers in good health, at what age do we think they will live till, and we typically think 81. So that average Canadian who's retiring has to then fund a 30-year retirement. So that, of course, is going to have its challenges. The days, Mark, of being 70 years old and rolling over GIC's are long gone 'cause that average 70 year old has to fund, on average, another 20 years in retirement which leads us right into our present interest rate environment. We no longer can just protect our wealth by buying GIC's. Heck, if this was the late 70's and early 80's, as you probably remember, listeners, for those on the call that can relate, it was the easiest job you ever gave an advisor 'cause they just rolled over GIC's at 12, 13, 14 percent. We know that's a challenge now. So it's one thing to protect your wealth but we have to grow it over and above inflation 'cause remember, your purchasing power is being decimated with these low interest rates because of inflation. And then that leads people into thinking that if you're asking me to grow my money more than four percent, typically, I can only do that in the marketplace and you're crazy. And those investors are right, Mark, because they don't have that most

powerful weapon anymore called time.

Mark: Yep, that's right, well said.

Brent: So that's why Manulife brought the IncomePlus program to the marketplace that essentially gives investors the consistent income of a GIC but also all the upside potential of the market.

Mark: Could we step back for a minute and perhaps for our listeners just explain what a variable annuity is?

Brent: Absolutely. An annuity, as we would know in Canada, an annuity in Canada essentially is when you deposit a lump sum of money and an annuity's a good thing. This doesn't replace an annuity; this will be a complement to an annuity. An annuity, essentially you give an insurance company a lump sum of money and then you have a certain amount of income you need to have per year. And so they will do their math given how old you are, of course, 'cause they want to guarantee this income for life. Also, if it's an insured annuity there'll be some physical underwriting there. And, of course, where interest rates are usually dictates how much that company will need to get from you to guarantee you that set amount of income, whatever that amount may be. What investors don't like about annuities is that it does guarantee them a set income for life but once they do invest in an annuity

they never ever get their money back. It's one lump sum deposit and so you've lost complete control over that investment. So the variable annuity is like an annuity but the variable component is where you are fully invested in the marketplace also. So it gives you a variable rate of return or some upside potential, if you will. The other main difference is with the investment solution we're talking about today, is that you are in complete control of your investments at all times and can do whatever you want, whenever you want, as you wish.

Mark: Okay. And I think this brings a point that I want to make very clear to all our listeners. What many people have heard over the years is asset allocation and that it's important to have asset allocation in one's portfolio: fixed income, equities, so on and so forth. What I'm suggesting is that one should now consider product allocation whereby you look at your portfolio and say, of the amount of monies that I have in registered and non-registered, how much will I allocate toward what type of products that give me what type of either fixed guaranteed returns or expected returns within certain return bands. And you don't want, you know, the old saying, you don't want to have all your eggs in one basket. So you want to spread your

eggs in a variety of baskets and then, of course, you know, keep your eye on those baskets. So your point is well taken. I remember this clearly years ago. I've been in the industry for over 22 years. In the early 80's I was selling straight annuities because we were able to lock in 14 percent return on that annuity for our clients for lifetime income. So that was a no-brainer right along with the GIC's that you were referring to.

Brent: No kidding.

Mark: In today's market, annuities still have a place for people that want their fixed income component and not to worry and then I think your point is very well taken with the variable annuities, they want to know they've got guarantees but with upside potential. And that can be for another element of their portfolio and that can then round out other elements be they mutual funds or segregated funds or, you know, straight securities and so on and so forth. Does that kind of make sense?

Brent: Does to me, Mark.

Mark: Oh, good, well, we're on the same page. I always like that.

Brent: Absolutely.

Mark: Now is there a typical profile of someone who would be looking at a product such as Manulife IncomePlus?

Brent: Yes, Mark, there is and that's a great question. Where we're seeing most of our investors, you know, it's quite something, is there a need for a type of solution like this in Canada in the marketplace? It's only a minimum \$25,000 to open up a contract at Manulife for this type of solution. What's amazing, Mark, is in the first week, like, we just launched this program back at the end of 2006 as you remember. And in the first ten months Manulife Financial Corporation brought in in excess of \$2 billion of investments in the first ten months.

Mark: Yeah, it was phenomenal.

Brent: And we have-- it's a big number for our industry and we've now surpassed \$9 billion in deposits and I'm not telling listeners this because, oh, good for you, Manulife, you know, you're bringing in lots of money. But just what is amazing to us is that it's only a minimum \$25,000 deposit. But of that approximately \$9 billion, our average policy holder's in excess of \$200,000. And we now have over 500 contracts in the multimillion dollar range: 10, 11, 17 million, 4 million, 3 million. So what that tells us at Manulife is that people just aren't investing in this type of solution but they're investing the serious percentage of their portfolio in this type of solution. Meaning that this is the money they cannot afford to lose.

Think of it as your milk and bread money, if you will. This program, the money that goes into it is designed working 20 to 25 years and backwards. It's not designed for a lump-sum withdrawal. We have other solutions for that. So the other way for investors to think about it is that this type of solution helps them create their very own customized, defined benefit pension plan, if you will. Now back to your question about who does this best apply to? Well, remember, we commented already today that if you have, again, no matter what you're invested in, your most powerful weapon as we can appreciate, will always be time. Will always be time. If you stay invested in the markets you will always be rewarded. It's not trying to time the markets. It's time in the markets. That's all Mr. Warren Buffett's famous quotes. But we are going to get to a wealth stage of our life where we won't have that time on our side anymore. So we're seeing this marketplace typically from anywhere from 45 to 50, up to the last age that you can purchase a contract which is 75. Our 45 to 50 year olds are planning on their retirement year to be usually inside 10 years inside that. So they know that they have to start talking or having a different conversation with their advisor. And this is a perfect segue into the comments regarding product allocation,

Mark, compared to asset allocation which was excellent. So we're seeing this as a very powerful solution to help people prepare for that retirement date but it's also a very powerful solution for people that are already in retirement that are, of course, wanting a bit more of a consistent income stream plus that whole upside potential of the marketplace. So we're typically seeing our marketplace from 45 to 50, up to the age of 75.

Mark: Okay, great. I just recall a couple of years ago going to a seminar where, in fact, Manu had provided Moshe Milevsky to bring his mathematical findings of risk at retirement to Canadian advisors.

Brent: Yes.

Mark: I was shocked.

Brent: Yeah, he's amazing, isn't he.

Mark: He is, and I believe there's a video or there's a Powerpoint presentation along those lines. I'm going to have to track that down and I'll maybe chat with you about that after because it just occurred to me, the power of those numbers and his findings, I'd like to make available to our listeners.

Brent: By all means.

Mark: Something along the lines of if in the first one or two years

before retirement your portfolio is in a down position that knocks something like seven years off the length that your retirement nut will last.

Brent: Yes.

Mark: And, you know, as advisors we're always trying to protect assets for our clients because I believe like Warren Buffett that the two main principles of making money is rule number one, don't lose it. And rule number two, don't forget rule number one.

Brent: That's right, yeah.

Mark: But try as you can and no matter how conservative you are in creating portfolio and retirement solutions there will be dips as we have all experienced these last few months. And there will continue to be dips but you don't want the dip to be when you're just starting to get things set up in a pre-retirement situation.

Brent: Exactly.

Mark: So that's where, I think, IncomePlus would be a valuable component. Definitely worth a serious look for anyone to look at reviewing their portfolio product lineup to see if there would be a fit. Don't you agree?

Brent: Absolutely, Mark. It's really, in essence, like, for example, if I

wanted to retire in five years, in 2015, well, the big secret in our industry that we both are aware of, I want to remind our listeners, is that nobody has a clue what 2015 is going to look like. Not a clue. No one has that famous crystal ball. So no matter how hard your investments work between now and then, if sadly 2015 turns out to be anything like 2008, as you already mentioned, Mark, it will devastate your wealth just because not only have you started to take income, but you've taken it in a negative market. If 2015 turns out to be like 2003 or 2004, where everything's going up 20 percent, then you should be okay. But how are our listeners going to sleep between now and then wondering what that year's going to look like.

Mark: Yeah, good point. Now there's some additional benefits that come along with the IncomePlus product. Could you talk about some of the inherent guarantees, creditor protection, you know, those kind of benefits?

Brent: You bet. What we have essentially, and I'll use a round number just to keep it easy for our listeners. Let's say if I invested \$100,000, the way the program works is that you're guaranteed five percent of your initial deposit every year for the rest of your life, from age 65 years of age and onward.

This program's designed to start taking income from 65 onward. You can buy at any time you like because that's where the bonuses come into play and I'll talk about those in a second. But the program's designed for the serious percentage of your portfolio that you know is earmarked for retirement, that you're not going to start to draw from until you're 65. If you need income before 65 we have other solutions back to that product allocation comment. So the first thing the program does is it keeps your income stream consistent just like a GIC. Your low watermark, if you will, is five percent of your first deposit. In my simple \$100,000 explanation you're guaranteed \$5,000 every year for the rest of your life regardless of where your market value is. That's the first step. Now this is how we give you a raise along the way. This program, by the way, Mark, for your listeners is on autopilot for them. They don't have to worry about it. They don't have to follow it. It's on autopilot for them but it certainly isn't for a gentleman like yourself or Manulife. There's a lot of work that goes on behind the scenes. But one of the autopilot mechanisms of the program is that every three years on your anniversary date, so if you're to open up the contract today, three years from now Manulife automatically looks at your

market value from where you invested. And if your market value is higher than your initial deposit, they will reset your guaranteed withdrawal benefit. And so that's where they give you a raise. So now your new guarantee is still five percent but it'll be five percent of the new higher amount. So in other words, I have \$100,000 I invested into the 36 or 38 funds that are available 'cause remember, we talked about V.A.'s before. In Canada we just simply call them "segregated funds." So the investment solution is just the same as a mutual fund but we put that insurance wrapper around it. There's no difference. If you ran into a segregated fund and mutual fund on the street they're identical. But by putting that insurance wrapper around it this is where all the added benefits come into play 'cause now it's segregated and driven by the Insurance Act. So just like an RRSP, you have a number of different investment options, it would be just like this contract. And a lot of the mutual funds, they're all good 'cause that's how Manulife manages the rest. But some of the listeners might recognize some of the names they've already used in a mutual fund. So now if we have some upside potential three years from now my market value goes from \$100,000 to \$110,000, then we re-lock-in your guarantee withdrawal benefit on \$110,000 and

now you're guaranteed five percent of that or \$5,100 now every year for the rest of your life.

Mark: Well, that's sweet.

Brent: Well, the thing why investors love it, Mark, is because they get all the consistency of a GIC but they also still have all the upside potential of the marketplace. There's tremendous opportunities in our market and we can't miss out on those. Reverting right back to really, in essence, Mark, is are we going to have enough and will we run out. And I loved your comment with Warren Buffett 'cause you're absolutely right. As our listeners can appreciate our job, you and I, Mark, is quite simply just to make sure that our clients' money outlives them.

Mark: That's so true. And I hope that all the listeners on the call are - and I'm sure they are, working with dedicated and diligent advisors because they have basically given the obligation of sleepless nights over to their advisors so they can sleep well at night.

Brent: Yeah, exactly.

Mark: Can we talk briefly about the tax efficiencies of a non-registered investment with an IncomePlus product?

Brent: You bet. Absolutely, Mark. This program is very powerful for

both your registered side of your portfolio and also your non-registered side. So when you started to take out your five percent income, it has nothing to do with this program or Manulife, but it's taxed, it's called an SWP or a systematic withdrawal plan. And so part of that five percent that you take out, the majority of it is going to be return of capital. It works the same way as mutual funds. A lot of people aren't aware of it and don't be concerned about that because trust me, there's a lot of accountants out there that aren't aware of this process either. But they are certainly getting educated in a hurry because our investors in Canada are becoming smarter and rightfully so. They no longer want to be spoken to for their non-registered investments on a gross rate of return. They want to know how much is going in their pocket. So this program has far more tax advantages than, say, purchasing a straight fixed-income vehicle like a GIC where you have to pay 100 percent tax on that withdrawal.

Mark: Right. Could you also talk about the transition, the ability to name beneficiaries, and the transition to those beneficiaries if there were a death on the account holder.

Brent: Wow, that's a great question, Mark. I'm glad you brought it up. I don't know if our listeners probably are aware, or maybe

not be aware of what happens to their money after they die here in British Columbia. We might have some listeners on the phone that have been an executor of a will themselves so I'm sure they can relate. When you have a probated will in British Columbia, and, in fact, just the probate fee alone, essentially to validate that you've died, is 1.4 percent. So on a half a million dollar deposit or estate you're looking at about \$6,800 just to validate you died. So it's the government's last kick at the can. There's a tremendous amount of fees that are incurred - accounting fees, trying to liquidate, all this fun stuff - sadly that we have to go through. Also the time of estate settlements. Some estates, you know, anywhere, Mark, the simplest ones could be three to six months. The most complex one I've heard so far has been 17 years. This poor gentleman has just been trying to honour the wishes of his best man in his will. And he had a will, he had all the adendments but he has got people coming out of the woodwork, left and right, trying to claim their amount. And people don't realize, Mark, that a will can be challenged. A will is a public document. We can walk into any probate office and ask to see a copy of anyone's will. So what happens is, you think of the second or third marriages in our marketplace, you know, I love my third wife or third

husband but I want to leave my original children the money. Or even keep it simpler. If you have a husband and wife and son and daughter and your son is still living in the basement at 30 years old, wanting to be a rock and roll star, and that's okay but you know he's going to blow anything you give him. But you leave 20 percent, it's in your will. And then you, say, you have your daughter, she's raising a family, she has a townhouse, you want to help her out, so you leave 80 percent of your money to her. And it's your will, you've added the adendments and now you're resting peacefully. But this is what happens. Because it's a public document, you know, obviously the son's going to be a bit mad that his sister got 80 and he only got 20 percent so he can go to a judge, go to court, and say, you know, my parents were full of crap in their will. I had to live in the basement 'cause I had to look after them, et cetera, et cetera, et cetera. And if he has a justifiable enough case that judge can overturn your wishes in your will, pull back 30 percent from your daughter and give it to your son for a 50/50 split. Mark, it's called the Wills Variation Act and sadly it happens all the time. The *Globe and Mail* did an article, it was about three years ago now, but I never forgot it 'cause I thought it was pretty powerful, where it stated that over 70

percent of family wealth in Canada does not make a successful transition to the rightful owners.

Mark: Is that right? That's a huge number.

Brent: And I think that the more I educate people and that's why I want to congratulate the listeners for being on the call today, is because you need to be aware of this. And so with this segregated fund contract which is just like an insurance contract where you have to name a beneficiary, one of the big differences is with the segregated fund contract in Canada, it doesn't require physical underwriting like blood or urine or anything like that like a typical insurance contract does. Someone opening up a segregated fund contract for you, although it's driven by the Insurance Act, it's just as simple as if they would open up a mutual fund account with you. But now on that contract you have to name a beneficiary and that's a good thing. You can name unlimited beneficiaries. You can change them a million names as you want while you're alive. And the most powerful thing now when you pass away is because there is a beneficiary there, you'll avoid probate. There's no cost. So that money will all go to your beneficiary tax-free. And also it's very timely. Because it's driven by the Insurance Act Manulife is legally obligated to get this to your

beneficiaries inside six weeks. So there's no longer delays. But the most important thing, I think, that investors love about this type of having to name a beneficiary more than anything is the privacy aspect. You don't even have to tell the beneficiary if you don't want to. And if your listeners are concerned about who that beneficiary should be, I just want to remind them, Mark, again, my last name is "Beaumaster."

Mark: (Laughter...)I know business owners enjoy this product and they enjoy segregated funds as well. And perhaps you can speak to that for a brief moment.

Brent: Absolutely. We have a lot of business owners-- when you name a family class beneficiary on a segregated fund contract and family class can be a spouse, a same-sex partner, common-law partner, brother, sister, as long as they're in that kind of immediate to second immediate family, like, you can't name your neighbour or your business partner, so to speak. But by naming a family class beneficiary you have the potential to protect your assets from creditors. And that's never been more important in our marketplace. So we see a lot of business owners, obviously investing. That's why, of course, you know, with business owners most of the times, you know, their wife owns the house, right, so no one else can take a run

at it or take a run at their investments. That's why everything is driven through the corporation. But now, by naming that beneficiary in a family class, you do have the potential to protect your assets from creditors. So we see it applied a lot to dentists, doctors, architects, any-- liability concerns or, you know, has the potential of running a practice that they could have liability. This is, again, another protection mechanism of a segregated fund contract.

Mark: Yeah, excellent. And that's why I use them pretty much-- well, exclusively, for my business owners because of all those reasons that you've just spoken of.

Brent: Right.

Mark: Okay. I think now would be an appropriate time, maybe, to open up the lines for some question and answers. So what I'm going to do is just ask the callers to do a shout out. If you want to ask a question directly to Brent, please identify yourself by name and start talking. So-- I know we've got a lot of people on the line but, you know, we are Canadian and we do tend to kind of lurk and listen a lot. So it'll be interesting to see of those that we have, how many are going to step forward with their question. But now's your opportunity to ask Brent anything you want to know about IncomePlus so let's open the

lines up. Who'd like to ask Brent the first question? Just start talking and identify yourself.

Q: I have a question. This is Moe. I was wondering, the product that Brent is talking about, can you convert your money, purchased pension plan into that product? Is that variable equity or, I mean, annuity, or is it variable annuity?

Brent: That's a great question, Moe. It's a variable annuity. In the U.S. they call them variable annuities. In Canada we simply call it a segregated fund. So I'm assuming your question about a pension, so that would be, like, a LIF? A locked-in LIF or a RIF, it's very, very powerful to be able to utilize for that reason. So, yes, it applies tremendously to a pension and it also applies to corporations, too. You just don't have to be a retail investor. But you're right, Moe, that's a really good idea because where we see most of our investors, 'cause we have to look at both sides of the fence, if you will, so that's why it's important to sit down with a professional like Mark. Because what he does is he looks at your complete picture and then the first place he would go is looking at your registered assets which would include your pension, your LIF, your RIF, RSP if you still have one if you haven't rolled it over to a RIF, yet, et cetera. And typically investors will deposit a greater

percentage of their registered money into this type of product because the need has already been established and it's quite simple: Income. Full stop. Now when it comes to your non-registered portfolio, you obviously are going to have, Moe, a tremendous amount of various needs for your non-registered money. You'll need an emergency fund. You might want to go travel and vacation, buy that new car, you know, put your 50 rounds of golf in this year, whatever that may be. So for your non-registered, we never, ever invest all of your non-registered money into this type of program. So what we would do is and what Mark would do by looking at your complete picture, is that he would then establish with your non-registered money what percentage would be your serious money. What percentage is your milk and bread money, if you will, Moe, the money that you can't afford to lose, that you've earmarked just simply to live off of. I hope that answers your question.

Q: I think it does. I guess the question originally was if you are collapsing your pension, a company pension that you have.

Brent: Sure. No, you just-- in Canada, and transferring registered assets, we always do them in kind. So it would just be a matter of taking your pension or your LIF box and just putting it inside this box. It works the exact same way. Your LIF, for

example, is provincially driven, where you would have maximums you have to take out every year. And your RIF, really, 'cause all a LIF is just a locked-in RIF, and, of course, your RIF, as you'll know, you have to take out a set minimum every year. So those are federally legislated. But either your RSP or your RIF or your LIF, we do not liquidate those and then bring the cash into this type of program. We transfer them, what we call "in kind," 'cause heaven forbid, we wouldn't want to do that. You wouldn't like us very much 'cause there'd be a heck of a tax bill. Now your non-registered is where you would liquidate your present investments and then just deposit the cash. And then choose the other top-level investments that are inside the program.

Q: Right, so it's just taking the funds that you're invested in and converting them into the IncomePlus or seg funds.

Brent: Exactly, Moe. Well said.

Q: Okay, thanks.

Brent: Great question, thank you.

Mark: Thanks, Moe. Okay, any other questions for Brent? You've done a great job, Brent, of answering these questions that people may have had because we still have a lot of people on the line. But no one seems to be stepping forward.

Brent: Well, if you like, Mark, I'll drop a couple. Maybe I'll share with the listeners a couple of general questions I get.

Mark: Please do.

Brent: Essentially, listeners, the one we get all the time is can I cash out? Now remember in Canada any time there's a guarantee or a protection, we've been trained that there's going to be a lock-in mechanism, right? That we can't touch our money. Not the case here. You can obviously access your funds whenever you want. You can cash out whenever you like. So for listeners, just remember, it would be just like if you bought a mutual fund today and you sold it three years from now, what would you get? Well, it would depend on the market value of those mutual funds. It works the exact same way in this program. You can cash out at any time and you would receive your market value back. Now that said, remember, that's why we work backwards. The money that's invested in this type of program is not designed for a lump-sum withdrawal. So if you, again, it's not about the amount of money you have, it's really always the first question is, what are you trying to do with your money? When will you need your money again? Because if you needed to take a lump sum withdrawal out from a certain part of your portfolio, it's not a negative, it's just that we have

far better solutions. This solution is strictly to guarantee you income for life. You know, Mark, we might have some listeners on the call today that maybe running out of money isn't a major concern for them. But maybe their main concern is making sure that their loved ones are looked after after they pass away. Well, we have a far better program that doesn't guarantee income but certainly guarantees your estate for your loved ones. So that's the power of partnering up with us. An insurance licensed professional like yourself, Mark, and listeners need to be aware of that. You can't just buy this from anyone. You just can't walk into a bank, in fact, that's why you're not hearing about it from the banks. And, hey, banks are good. I'm not here to talk negatively about banks but they would rather you over in short-term GIC's 'cause that's where they make their money. That's why you won't hear about it 'cause you can only buy-- you can't buy this program directly from me or from Manulife either. You can only buy it from an insurance licensed professional. So that's why for registered money-- think of it listeners. If you were my advisor and I said to you, "I want to take out \$50,000 from my RSP to buy a new car," can I do it? Of course, I can; it's my money. I can do whatever I want with it. But I think you can be aware that you

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as my advisor would say, “No, no, no, Brent, don’t take that from your RSP. That’s not why we put the money in there. We didn’t put it in to buy a new car two years from now. We put it in there for your retirement.” So it works the same way with this type of program. So that’s one I usually get quite often is accessibility. Also, you’ll have access to your investment values at all times. Remember, these are just the top mutual funds in our country and globally that just have the insurance wraparound so you can follow them in the newspaper. We do have a public website, too, Mark, and it’s been updated now. It goes back to your question earlier for your listeners, it’s just simply <http://manulifegifselect.ca>

all one word. So m-a-n-u-l-i-f-e-g-i-f-s-e-l-e-c-t.c-a. It’s a public website and they have a ton of videos that pretty much go over everything you and I spoke about today, including that Moshe Milevsky video.

Mark: And I’d encourage everyone to go there. There’s been a lot of time and effort and thought put into the videos, the information. It’s an incredible value-added website. So thanks for sharing that with the listeners.

Brent: My pleasure, Mark. And also, listeners, if any of you on the call, perhaps, aren’t Internet savvy or have no desire to go

onto the Internet, we also have it available in DVD form. So please just contact Mark after the call and you can watch that right on that big new flat screen you got for Christmas last year.

Mark: Any other questions or comments?

Q: I have another question, actually. Moe again. Obviously there's going to be a cost for something like this if you're going to have guarantees. What are the MER's for something like that versus, say, an index fund or any other mutual fund? Is there any difference?

Brent: Absolutely, and that's a great question, Moe. Moe, just for your listeners, 'cause it sounds like you're pretty astute, but I just wanted to just quickly take some time to educate people what an MER is 'cause I'm not surprised but I am kind of surprised, a lot of Canadian investors aren't aware of what an MER is, believe it or not. And it's not fault of their own, it's just back to our industry and lack of educating people on what it is. An MER, listeners, is a management expense ratio and that management expense ratio is driven by how actively managed the mutual fund is. For example, believe it or not, in Canada we have over 5,000 mutual funds. So on the risk spectrum, on one scale you'll have what's called a money market fund. And

a money market fund just invests in T-bills and they roll them over. They try to protect your wealth but there's no active management there. Listeners, anyone could manage this thing. So there's no active management so it has a very low MER, typically one percent. Now on the other side of the risk scale, in the middle you have balance and the other side, let's say, we have straight equity. We have a global science and technology fund that has 70 trades and they're going crazy with 400 stock positions. Well, we invest in that fund to hopefully get a greater rate of return over the long term but it's a far more aggressively invested fund, takes far more active management. So in Canada, the MER for that fund is typically about three percent. Then we move into the middle of the universe. We're not 100 percent conservative or 100 percent aggressive. The average balanced fund MER in Canada is about 2.35 to 2.4. Now that MER, listeners, you do not see. A lot of people, sadly, don't even think they're paying it. You're paying it. So that directly comes off what they call your net asset value in your mutual fund. For example, all reporting in Canada is done net of this MER, meaning that if my fund-- I look up in the newspaper and it says that my mutual fund did \$10 last year and my MER is 2.5, it really did \$12.50. You

don't see the MER. It's automatically deducted. So a lot of people think, oh, well, my person doesn't charge me anything. You're getting charged. To go anywhere for professional, active management you have to pay an MER. So that said, what's hit the marketplace recently is a lot of index funds and I'm glad you raised that point, Moe. Now an index fund there's no management. Nothing. It just follows the indices. So you're at the whim of whatever the market's going to do. If it goes up and down 200 points every day, you're going up and down 200 points every day. But typically investors are attracted to that type because the fees are very low. But you've got to appreciate, typically why people fall into that scenario is because they've paid for a fee for a poor performing mutual fund. And trust me, ladies and gentlemen, out of 5,000 mutual funds out there, there's 4,900 and probably 90 of them you don't want to touch. And that's where the expertise of working with Mark and Manulife Investments can help you. We need active management. It's proven over time that they always beat the indices. So that's why we have all active managers inside this program. We can't associate the risk associated with an inactive, just a simple index fund we need. And plus for yourself, you want to have a return on the end

time. So I hope that helps just educate investors on what an MER is. Now with the segregated fund, remember, it's the same mutual fund. We just put the insurance wrapper around it. So the MER will be higher because you have all these added benefits and guarantees as Moe already pointed out. In a straight mutual fund index fund, you've got nothing. You are completely unprotected. And that's not a bad thing if you have at least 12-plus years of time on your side where you're never going to touch your money. If your timeline is anything inside of that, the volatility can decimate your capital and your lifestyle and your retirement. That's what we spoke about. If I had a listener here 30 years old, they're way too young for this type of program because they have lots of time on their side, away they go. So now that MER is going to be higher. Again, you won't see it. But it will-- depending upon the fund. There's about 36 different mutual funds to choose from in this program that all have the insurance wrapper around them. And because they have this insurance wrapper around them, the MER-- say if it's a balanced fund and a mutual fund, the MER is 2.3. The MER in a segregated fund might be 2.5 or 2.6. So one percent in our business we call is a hundred basis points. So one percent equals a hundred basis points. Your

MER is about 20 or 30 basis points higher than the underlying mutual fund. Does that answer your question, Moe?

Q: It does.

Brent: Wonderful. Now to finish off, we also have another fee and you're right, Manulife is making money at this or we couldn't offer these programs. But you've got to appreciate it always has to be a win-win for the investor and the insurance company. And this is what I mean by that. If it's just a win for the insurance company, no investor's going to buy it. If it's just a win for the investor, the insurance company will never be able to honour the guarantees and more importantly keep them sustainable. So the company has to make money off it, but the investor has to be winning off this program, too. So that's why it's a win-win situation. So in other words, now that we understand the MER, we've got to pay that no matter what. Now the question is, well, how much are all these extra guarantees in this program going to cost? Meaning that how much is that five percent guarantee going to cost me. Well, it depends on how much risk you expose the company to. So out of those 36 different investment choices, there's conservative funds, balanced funds and growth funds. So if investors want to go growth, they're taking on more risk. So in other words

Manulife then will say, okay, we will guarantee you five percent but it's going to cost you an extra .75 percent every year for that guaranteed five percent. So in other words, Manulife is going to knock on your door and say, here you go, sir/madame. Here's your guaranteed \$5 bill but we're going to ask you for your 75 cents, please. Pretty good deal. So that fee is completely transparent. That fee you see. And we're hoping the whole industry goes there one day. So that fee is calculated and charged at the beginning of every year. You're not personally invoiced for it. All we do is deduct the fee automatically from your market value and then you get a slip of paper in the mail from Manulife and how much you paid in that fee and for your non-registered investments. We leave it up to you and your accountant regarding the tax deductibility nature of that extra fee. Because in a non-registered environment, any time you typically invest for straight income, it is a tax-deductible event. But we leave that up to you and your accountant to look at your overall picture. But that fee is not five percent guaranteed income minus, minus, minus where you only get two percent. It's guaranteed five percent in your pocket. And, again, the fee is just automatically deducted off your market value so you don't have to worry

about it. And remember, if your market value goes to zero, who cares? Because you're still going to always be guaranteed minimum, low watermark, five percent of your first deposit.

Good question, Moe.

Q: Okay, thank you.

Mark: What a fabulous answer. I was just sitting here taking notes, Brent. You know, everyone is fee conscious especially Canadians.

Brent: Absolutely.

Mark: And there's nothing wrong with that.

Brent: Rightfully so.

Mark: Everyone wants to know I will be getting an investment, I will be getting benefit cost.

Brent: The famous quote I love, Mark, is price is always and ever going to be an issue in the absence of value. I paid \$5 for a cup of steamed milk and espresso this morning. Didn't even question it. It's called a latte. Can you believe it? Who would have ever thought we'd pay five bucks for a glass of steamed milk? I do. And didn't even question it. But boy, oh, boy, if that milk was burnt, I'm racing right back, right?

Mark: Yes, indeed.

Brent: So this is the thing of this program and your listeners are-- and

rightfully so. That's why I want them to challenge whoever they're working with right now. What are your fees? Why are you paying those fees? Where is the perceived value? 'Cause if you're not getting value from it, you're absolutely right, you shouldn't be paying the fee.

Mark: Over the years, of course, a lot of Canadians say, well, you know, we want safety, we want security, we want peace of mind, you know, we want a GIC. And, you know, because it doesn't cost me anything as well. And I look at them and I say, "Are you telling me that the bank is not making money on your GIC?" "Well, I don't pay them anything." I say, "How much are you paying on your mortgage?" "Oh, I'm paying four percent." "How much are you getting on your GIC?" "Oh, I'm getting two percent." "So now the difference? Is that going in your pocket? Like, the bank is paying you two and you're paying the bank four, who gets the difference there?" And then they start looking at me and the light dawns in their eyes and going, "I'm paying them two percent for my GIC, aren't I?"

Brent: There you go.

Mark: And, well, for peace of mind, I say, well, they're just going broke safely. For the peace of mind that the IncomePlus offers, there's not only the peace of mind but the ability to

grow wealth in a conservative, hands-off fashion that will allow people to get in their 50 rounds of golf and enjoy the dream of their retirement lifestyle. And, again, just for a portion of the portfolio.

Brent: Correct. It's a really good point, Mark, because that's why we get the question, a lot of people say, what if I cash this out? Well, first of all, we never put all your money in it. And that's-- and listeners is very important 'cause there's other programs that have hit the marketplace but you just be aware. And Mark doesn't know this, but I'm lucky where I get to choose who I work with. And so that's why I work with Mark because I know he's not only doing the right job for his clients but more important like, for example, today he's educating them. He's starting to have the right conversations with his clients because everyone's moving into that second wealth stage of their life.

Mark: And I always feel that an educated client is a better client for themselves and for me and then the conversations are very comfortable because we're all on the same page. And they know and they understand and they're engaged because it is their money and it is their life.

Brent: Well said.

Mark: So I think we should just start wrapping things up. So any

other closing comments, Brent?

Brent: Just, again, I want to thank your listeners for your time. And I hope that you were educated today in regards to one solution. This is obviously not a one-stop solution that you just put all your money in and you never have to worry about again. Not at all. But this is now positioned as an asset class. So if you find yourself in that demographic of 45 or 50 plus, up to the age of 75, and please understand, please, client, if you are over 75 there's better solutions we have for you as you're in that third stage of your life. But always remember, like, an asset class, like, we are always used to in Canada to this day is fixed income or equity. And the older you get, the more fixed income you should have and the less equity you should have. And advisors do this to minimize your volatility 'cause you want to have a more consistent income and lifestyle in retirement. Oh, my gosh, I can remember when our old financial studies used to say it was easy to establish how much a client should have. You just take the number 100 and you minus their age and that's how much equity they should have.

Mark: I remember that, too.

Brent: So think about that for a second. Okay, so I'm 70. I take the number 100, I minus 70, I should only have 30 percent equity

and 70 percent fixed income. Well, I hope that we learned today, dear listeners, that that strategy is absolutely disastrous. Because that 70 year old has to fund on average another 20 years. So this isn't a matter of you should put it all in here or it's not a matter of if you need it, it's a matter of, oh, you need it. But it's a matter of what percentage of your portfolio needs to be exposed to it. For example, a 50 year old might only have at that stage of their life, maybe, 20, 30, 40 percent exposure where a 72 year old might have 60, 70, 80 percent exposure. There's no right or wrong. But that's the importance of speaking to an insurance licensed professional like yourself, Mark, and being able to look at the complete picture so you can guide your listeners directly.

Mark: Excellent. For anyone that wishes to contact me directly, my telephone number is 604-207-9970. I'd like to thank everyone for joining us today on today's call, "IncomePlus." My name is Mark Humber from <http://howtobesetforlife.com>

and on behalf of Brent Beaumaster from Manulife Financial, we trust that this call will serve as a beacon for you in your quest for financial enlightenment and we wish all the very best to you and yours as you continue your journey to create true and lasting wealth and financial peace of mind. And

remember: it's your life, so plan for it and then live life like you mean it. So good luck, and good bye for now.

- End Call -

And if you have read this far – I congratulate you!

I wish all the very best to you now and in your future endeavors.

Enjoy the ride and Best of Success!

Cheers!

A handwritten signature in blue ink, appearing to read "Mark Huber", is displayed on a light yellow rectangular background.

Mark Huber, CFP, Author

PS: I would be pleased and honored to review "Income Plus" with you.

To get the ball rolling, just call me at 607-9970 or email me at mhuber@HowToBeSetForLife.com

"It's Your Life! Plan For It! Then Live Like You Mean It!"

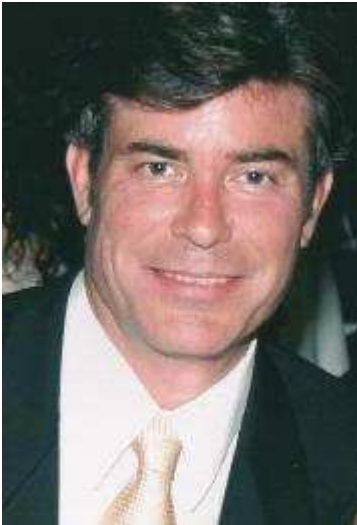
Mark Huber, CFP is also author of - "The UnCanadian Way" series of reports, Ebooks, audios and videos...

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Who Is Mark Huber?



Mark Huber, CFP, Author

Mark Huber is a practicing certified financial planner (CFP) with over 22 years of experience in the financial services industry.

Mark's boutique planning practice works with a select group of clients who all share a passionate vision for creating true wealth and living their dream lives.

Creative tax strategies, innovative cash flow and mortgage reduction strategies are core disciplines of Mark's financial planning practice and form the basis of a client's wealth creation process.

Here's A Sampling Of What A Few People Have Said Already...

To whom it may concern:

Most of us trust our car mechanic, family doctor, postman, but somehow we decide to manage our financial affairs ourselves.

We spend a lot of time reading, researching and making doubtful decisions.

Everyone can go on internet and buy some stocks or mutual funds.

Information today is basically free, but know-how is priceless.

You can buy all the tools you need to fix your teeth, but would you do it yourself?

If your financial well being is important to you, talk to great financial planner Mark Huber.

It is your map to financial stability.

Sincerely yours, AZ

Hi!

Thanks for your guidance and advice Mark. Our biggest regret is that we did not make the changes that we have made under you years ago!

Craig and Michele - Vancouver, BC

Dear Mark,

We just wanted to say that we are very happy with your financial advice and the services you offer.

You always respond to us quickly and thoroughly on all our inquiries and we always feel that you given priority to all our requests - big and small.

Thank you for helping us to look at our investments in a creative and effective way.

It is a pleasure working with you and we definitely recommend your services to all our friends/family looking for good financial advice to 'make their money move'!

L and A

Vancouver, BC

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-The End-