

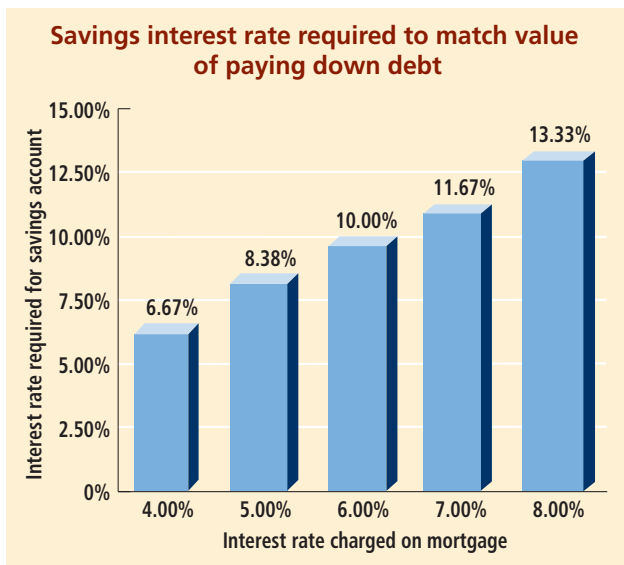


Earning interest vs. saving interest

High-interest bank accounts provide easy access to your money and a good rate of return. But if you have mortgage debt, your money could be working harder. The money you earn in a high-interest account is taxable, which means you're only keeping a portion of the interest you earn in the account. On the other hand, the interest you pay on your mortgage is in after-tax dollars.

What your bank account would need to earn to keep up

This graph shows what you would need to earn in a high-interest bank account to make it worth your while to save your money instead of using it to pay down your mortgage. For example,* if you pay 6% interest on your mortgage, your bank account would need to pay a rate of 10% to provide you with the same benefit as using those savings to pay down your mortgage.



*Assumes a marginal tax rate of 40%.

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Improve your bottom line

Let's look at what this could mean to you in actual dollars. Assume you have \$10,000 in savings and you're trying to choose between two options:

1. Deposit the money in a high-interest bank account paying 2.55%.
2. Use the money to pay down a mortgage that charges a 4.75% interest rate.

Which option puts you further ahead?

1. High-interest account	In the high-interest account, you would earn \$21.25 per month, which works out to \$12.75 after you pay tax* on the interest.
2. Mortgage	By using the money to pay down your mortgage, you would save \$39.58 in after-tax interest costs per month.

In this example, paying down your mortgage would put you ahead by \$322 over the course of a year.

Maintain access to your money

Although paying down your mortgage usually makes more financial sense, many people choose to put their extra cash in a savings account because they don't want to lose access to that money in case a financial need arises. But what if you could use your cash savings to pay down your mortgage and still maintain access to that money whenever you need it? With Manulife ONE, you can.

By allocating your cash savings to your Manulife ONE account, you can pay down your mortgage, make your money work harder and still maintain access to your money, up to your approved limit, for unexpected needs. That's banking, the way it *should* be.