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Advanced **Markets**

Supplementing Retirement Income with Life Insurance

Client guide

INSURANCE PRODUCTS	
MAY LOSE VALUE	NOT A DEPOSIT
NOT BANK GUARANTEED	NOT FDIC INSURED
NOT INSURED BY ANY GOVERNMENT AGENCY	

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Overview

Protection for today, income for tomorrow

Protecting your family and planning for retirement are likely to top your list of financial priorities. Even if you diligently save in traditional retirement accounts, such as 401(k)s and IRAs, will you have enough saved for retirement? What if there was an option available that could both protect your family and supplement your retirement income?

Cash value life insurance may be the answer to round out your retirement portfolio, providing your family with death benefit protection today and tax-favored access to income during your retirement years.

Why do you need life insurance?

A permanent life insurance policy can be one of the most important purchases you will ever make — the death benefit can protect your family, and the potential cash value can help you supplement your income during retirement. No matter your goals, the unique tax benefits and features of permanent life insurance can be powerful tools to help you achieve them.

Protection | **Flexibility** | **Tax diversification**

The combination of income tax-free death benefit protection for your family and tax-favored access to the policy cash value during your life makes life insurance unlike any other asset you may own.

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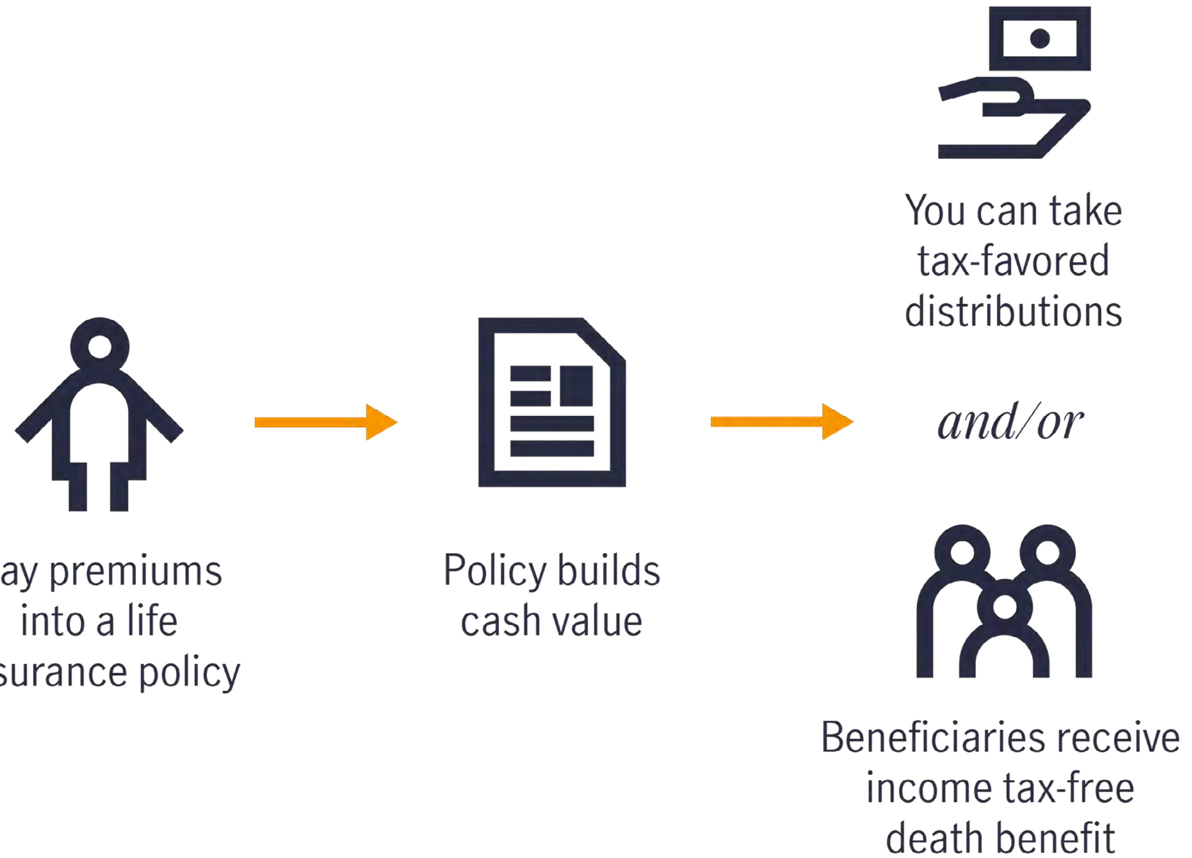
How it works

First you apply for and purchase a permanent life insurance policy with John Hancock. During your lifetime, your policy has the potential to build cash value, which grows on a tax-deferred basis. You may then access your policy's cash value for retirement income or for unexpected expenses.

The life insurance policy will pay the death benefit to your beneficiaries, which will be received on an income tax-free basis.



Protection

A life insurance policy can provide protection for your family when they need it the most. The income tax-free death benefit can be used to help:

- Replace your salary that was lost
- Pay for your family's immediate lifestyle expenses
- Continue contributions to fund long-term goals
- Pay off debts such as the mortgage and other loans
- Pay estate, capital gains, and income taxes
- Leave a legacy to your family
- Provide liquidity to equalize an estate among your beneficiaries

Flexibility

Beyond the death benefit protection, a permanent life insurance policy provides you added flexibility to access your policy's potential cash value when you need it, on a tax-favored basis. Your policy's cash value offers unique and meaningful tax advantages, through:

- Tax-deferred growth potential
- Income tax-free distributions

What really sets a permanent life insurance policy apart is that it provides you the flexibility to choose:

The best product for your needs

- The premium you pay can be customized based on your unique goals. In some circumstances you may be able to skip a premium or even contribute more as your needs change.
- You decide if you want your policy's primary goal to be pure death benefit protection or cash value growth.
- Optional riders can be added to your policy to help protect you and your family from various life changing events such as a disability, critical illness, or needing long-term care.

Policy distributions that are adaptable

- You have the flexibility to decide how and when to take income distributions whether needed early on in your retirement, in your later years, or not at all.
- Unlike most qualified plans, you are not required to take distributions from your life insurance policy.
- Qualified retirement plans, may subject you to an early withdrawal penalty if taken prior to age 59 ½ or require that you take distributions when you turn age 73/75.[1]
- With your life insurance policy, if you don't take distributions, the death benefit is preserved and paid as an inheritance for your heirs.

1. The Secure Act changed the RMD age from 70 ½ to 72. SECURE 2.0 Act delayed the RMD further, to age 73 or 75, depending on your birth year.

Tax diversification

Why should you consider life insurance as part of a tax diversification strategy?

A permanent life insurance policy can be used to help supplement your retirement income, protect your savings for future planning needs, and offer valuable tax advantages, including:

- Tax-deferred growth
- No retirement contribution limits[2]
- No penalties for early withdrawal
- Income tax-free death benefit for your beneficiaries
- Income tax-free distributions from policy withdrawals and loans which do not affect your:
  - Income tax bracket
  - Medicare premiums
  - Capital gains exposure
  - Adjusted gross income or modified adjusted gross income

2. For every life insurance policy, there is a minimum premium at any given time, the payment of which is necessary to keep the policy in force. Premiums may be paid in excess of this amount which may have the effect of reducing future necessary minimum payments. However, excessive advance funding of a life insurance policy can result in the policy being treated as a modified endowment contract, which would be subject to significantly different tax treatment than other life insurance policies.

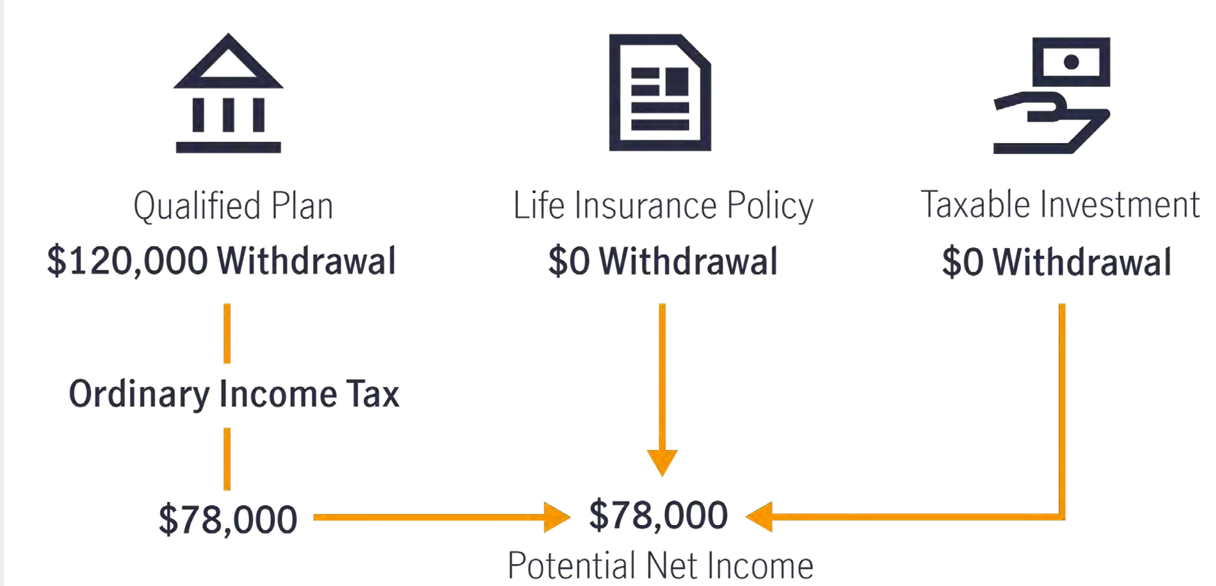
Tax diversification, *continued*

Why is tax diversification so important?

Diversifying your investments can reduce income taxes in retirement.

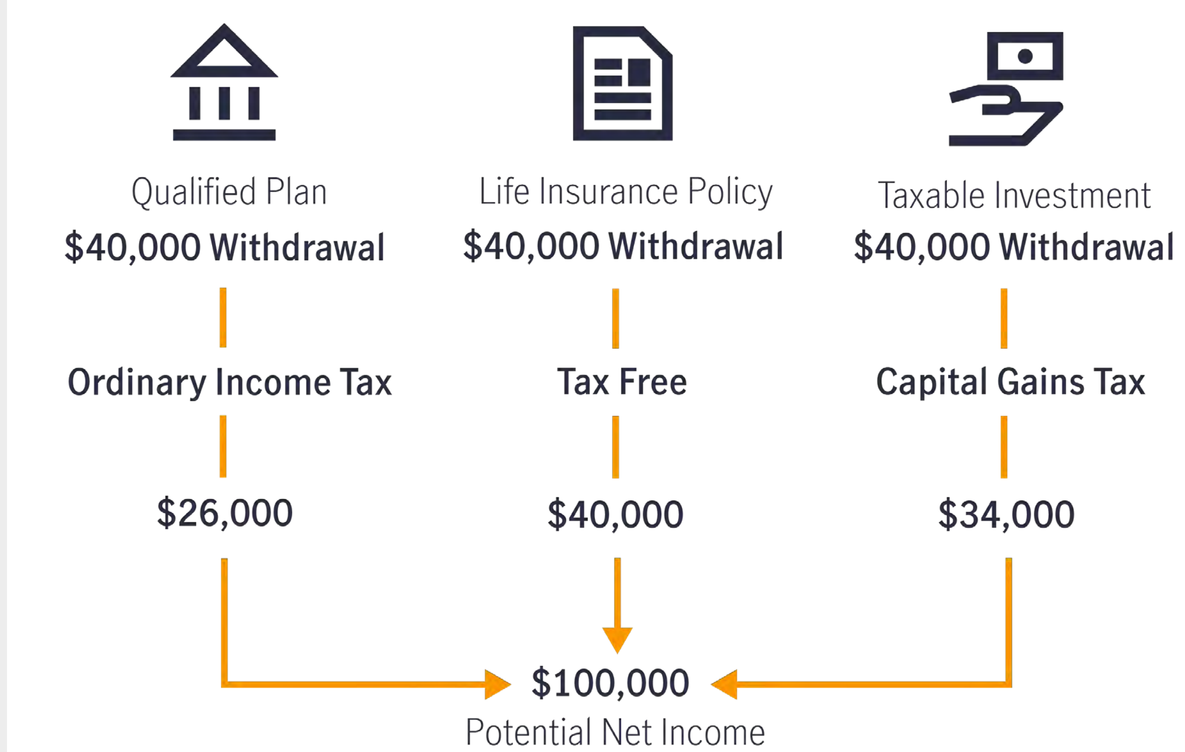
Nondiversified withdrawals

Let's take a look at a $120,000 withdrawal from a qualified plan. Assuming a 35% tax rate, you would be left with $78,000 after taxes:



Diversified withdrawals

Instead, if you took $120,000 but withdrew this from three different sources — $40,000 from a qualified plan, $40,000 from a taxable investment, and $40,000 from a permanent life insurance policy — you could potentially receive net income of $100,000 (assuming a 35% income tax bracket and a 15% capital gains tax rate).



This is a hypothetical example that is provided for illustrative purposes only.

As shown in this example, a well-diversified withdrawal strategy could provide you with $22,000 more than nondiversified withdrawals.

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- The amount of life insurance protection you qualify for will be subject to medical and financial underwriting requirements and may be less than the amount applied for or your premiums may be more than anticipated.
- The purchase of life insurance has costs and risks associated with it, including the cost of insurance.
- The policy cash value may not be guaranteed and the amount available for loans and withdrawals may be worth more or less than the illustrated amount, depending on the type of policy and the performance of the policy.

Talk to your **financial professional** today about how permanent life insurance can help protect your loved ones and offer you a source of supplemental retirement income.

Before you make any estate or retirement planning decisions (or change title to any assets or change beneficiary designations) your legal and tax professionals should be consulted to determine (1) the suitability of a particular planning alternative for you and (2) the precise legal, tax, investment, and accounting consequences of that alternative.

Loans and withdrawals will reduce the death benefit and the cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Withdrawals in excess of the cost basis (premiums paid) will be subject to tax, and certain withdrawals within the first 15 years may be subject to recapture tax. Additionally, policies classified as Modified Endowment Contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½. Cash value available for loans and withdrawals may be more or less than originally invested. Withdrawals are available after the first policy year.

This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material. All information and materials provided by John Hancock are to support the marketing and sale of our products and services, and are not intended to be impartial advice or recommendations. John Hancock and its representatives will receive compensation from such sales or services. Anyone interested in these transactions or topics may want to seek advice based on his or her particular circumstances from independent professionals.

Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for federal income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. In addition, state and estate taxes may apply in certain instances. Comments on taxation are based on John Hancock's understanding of current tax law, which is subject to change. No legal, tax or accounting advice can be given by John Hancock, its agents, employees or licensed agents. Prospective purchasers should consult their tax professional for details.

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