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John Hancock

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Seller's Guide

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Preparing a comprehensive financial plan should include discussions about "just-in-case" scenarios, such as how your clients would handle a long-term care event if it should occur. This guide addresses some questions to consider — and shows how a single-life permanent life insurance policy with a Long-Term Care (LTC) rider[1] from John Hancock offers a very meaningful solution.

Life insurance has changed a lot over the years and your clients may not be aware they can also include coverage to help pay for long-term care expenses

A majority (65%) of individuals polled have done little or no planning for their own long-term care needs[2]

Taking care of aging family members can have a negative impact on the emotional, physical and financial health of caregivers

Are your clients prepared for a long-term care need?

While no one can predict the future, discussions about what could happen — such as the potential need for long-term care — can result in your clients being better prepared. Without a proper plan in place, many are faced with relying on informal caregivers to provide care. Long-term care coverage can help take the responsibility off the family, helping to alleviate the emotional, physical and financial toll that caregiving can place on clients' loved ones, here's why:

An estimated 53 million adults in the US are providing personal assistance for family members with disabilities or other care needs.[3]

Estimates indicate up to 70% of caregivers have clinically significant symptoms of depression.[4]

The national average for 24-hour home care or one year in a nursing home is **more than $116,000.**[5]

Are your clients prepared for future costs?

Care setting	2022 national-average annual costs[6]	2022 unit cost[6]
Nursing home: private room	$116,435	$319 daily
Nursing home: semi-private room	$101,470	$278 daily
Assisted living facility	$63,336	$5,279 monthly
Home health care aide	$60,320	$29 hourly

If there is no plan, there are limited options when there is a need for long-term care. Given its high cost, many family members have little choice but to step in and provide this very physically and emotionally demanding care.

How will your clients pay for long-term care?

Your clients may have ideas for how they will handle potential long-term care costs. The following are some common options and talking points to help guide your discussions.

"Self-insuring"

Can put a very significant portion of your clients' retirement income at risk and drain assets they want to leave for a surviving spouse or other heirs.

Family members

Over time, can have a significant impact on an informal caregiver's lifestyle along with their physical, financial and emotional well-being.

Medicare

Only pays for skilled and rehabilitative care — not custodial care. May cover a portion of the first 100 days of care, if certain conditions are met.

Medicaid

Available only for the long-term care needs of those with very little income and assets. Typically, pays for care in a nursing home and home care coverage is limited.

Standalone LTC insurance policy

Only pays a benefit if long-term care is needed, so clients may pay premiums for benefit they never use. Good option for clients who don't need life insurance.

Long-term care rider with life insurance

Can be a cost-effective choice, allowing clients to accelerate their life insurance policy's death benefit to help pay for long-term care costs. Any benefits not used for LTC, are paid to beneficiaries on a tax-favored basis.

How it works

Policyowner elects their total LTC benefit and their maximum monthly LTC benefit when applying for life insurance policy

Insured is unable to perform two of the six Activities of Daily Living (ADLs) without substantial assistance (bathing, dressing, eating, continence, toileting and transferring), or supervision is required due to a cognitive impairment

Insured satisfies Elimination Period of 90 calendar days

John Hancock reimburses client or care providers for the qualified LTC expenses incurred each month up to the maximum monthly benefit amount

Any benefits not spent for LTC expenses each month can help extend their coverage period and/or will be paid as a death benefit on a tax-favored basis

Your clients should never have to face their long-term care needs alone. When they have a John Hancock life insurance policy with our LTC rider in place, they (and their families) can rest assured we are here to support them every step of the way.

How can John Hancock help?

A John Hancock life insurance policy with an LTC rider is a more cost-effective choice than buying separate life and long-term care insurance policies.

What's more, this option gives your clients the flexibility to:

- **Use any portion of their life insurance benefit** to pay long-term care expenses
- **Helps protect the financial portfolio** from the consequences of paying for care over an extended period; and the family from the emotional and physical consequences of providing care informally.
- **Leave a larger legacy,** as any portion of the death benefit not used to pay for care is passed along to beneficiaries on a tax-favored basis at the time of the insured's death.

If your clients have not allocated anything to pay for long-term care, they may end up allocating everything.

Key selling points

A competitive solution

- Our rider rate is set at issue and is guaranteed to never increase. Additionally, when receiving LTC benefits, the policy and rider charges will decrease
- Typically, riders using a reimbursement model are less expensive than those using an indemnity model, and can even offer greater coverage

Income tax-free benefits

- Because we reimburse for qualified LTC expenses, 100% of the benefits are received income-tax-free even when they exceed the IRS per diem limit
- Our maximum monthly benefit amount is $50,000, four times higher than the IRS per diem limit

Benefit preservation

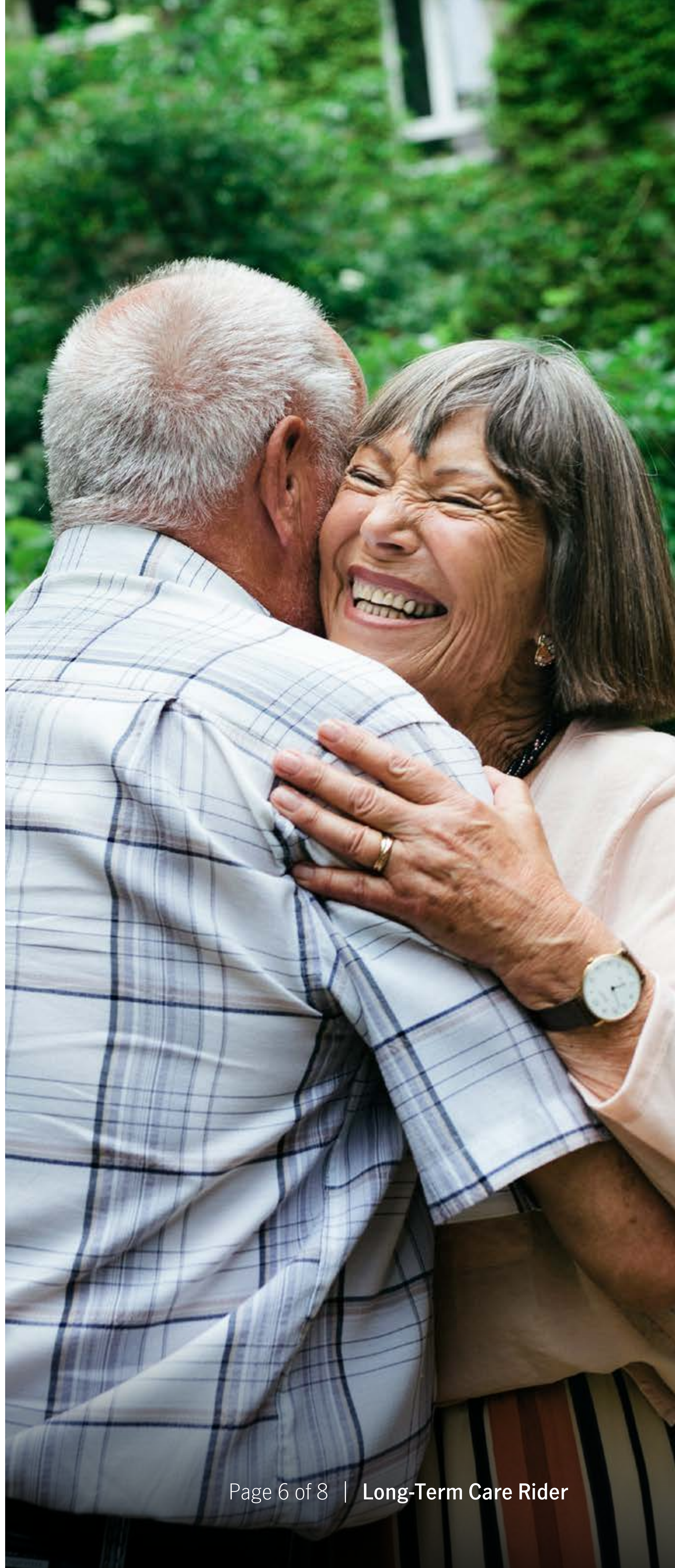
- Accelerating benefits for costs incurred means clients can extend their coverage period
- Clients can preserve a desired death benefit for their heirs by limiting how much to make available to pay for LTC
- Any LTC benefit not spent on care is paid out as an income-tax-free death benefit

Quality and choice of care

- Your clients have access to professionals with the skills and training needed to safely assist them
- Clients can also accelerate up to one maximum monthly benefit to pay for stay-at-home services, which can help them remain in their own homes — both more safely and for longer

Simplify benefit payment

- John Hancock customers don't have to be out of pocket or wait for reimbursement
- By assigning benefits, your clients can authorize us to work directly with care providers to obtain invoices and make payments



Getting the conversation started

Many people have had experience with long-term care, either in their immediate family or among close acquaintances. You can use that connection to get the conversation started, encouraging them to think about what the impact could be to their family and their finances if they don't have a plan. If they have not share what you have learned about the emotional and physical consequences that providing care could have on their family — and the financial consequences that paying for it could have on their plans for a secure retirement.

Here are some questions that can help you explore the need for long-term care coverage with your clients:

What's your experience?

- Have you had an experience with long-term care among your family or close friends?
- What was the impact on the family?
- Did the children have to step in?
- Were they able to bring in outside help?
- How did they pay for it?
- What impact did it have on their retirement portfolio?

What's your plan?

- Where would you prefer to receive care if needed?
- Who would provide your care?
- What if your children had to step in to help?
- How will you pay for it?
- How would it affect your retirement income?
- Which or your expenses are discretionary?
- If needed, which asset would you use first?
- What would the tax implications be?
- What impact would this have on your overall retirement/legacy planning?

Bringing it all together

John Hancock's Long-Term Care rider can help provide protection for both your clients and their finances if a need for long-term care arises in the future. Not only does it give your clients a resource to draw on to help pay for long-term care costs, it also shields their family from the physical, emotional and financial toll of being primary caregivers. What's more, it provides your clients the resources to hire professionals to safely assist them, without having to rely on their family members. Finally, when a portion of your clients' insurance policy is allocated to pay for their long-term care expenses, it also protects their financial plans for a secure retirement.

Note to producers

Most states have adopted the training requirements outlined in the Deficit Reduction Act of 2006 and the NAIC Long-Term Care Model Act. These require producers selling LTC insurance products, including LTC riders, to take an initial eight-hour NAIC partnership training course, followed by a four-hour refresher course every two years. John Hancock requires that all courses be approved by ClearCert to be accepted as valid training.

- When selecting a course with your preferred CE vendor, be sure to search for "LTCI/Partnership" courses and look for a statement indicating the content is "ClearCert approved/certified." This will ensure the course meets the requirement needed to sell John Hancock's Long Term Care Rider. For more information, please refer to the NAIC Model Regulation Training and Resource Guide, visit ClearCert.com or contact John Hancock Licensing at 800-505-9427, option 2 or usagency@jhancock.com.
- To take an approved course at a discounted rate, please visit JHInsuranceCE.com.

ClearCert does not review and approve courses in CA, CT, DC, IN, HI, MS and NY.

Strength. Stability. John Hancock.

John Hancock is among the highest-rated companies for financial strength and stability as demonstrated by its A+ rating from A.M. Best.[6] Financial strength ratings are a comprehensive measure of a company's financial strength and stability and are important as they reflect a life insurance company's ability to pay claims in the future. With over 160 years of experience, John Hancock offers clients a diverse range of insurance products and services through its extensive network of employees, agents and distribution partners.

For more information about our Long-Term Care rider or our other products:

Contact your **John Hancock sales representative**

Call **National Sales Support at 888-266-7498, option 2**

Visit JHSalesHub.com

1. The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The maximum monthly benefit amount is $50,000. When the death benefit is accelerated for long-term care expenses, it is reduced dollar for dollar, and the cash value is reduced proportionately. The benefits provided by this rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable. Please go to JHSalesHub.com to verify state availability. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Consult the state specific Outline of Coverage for additional details.
2. An Action Plan for Long Term Care. 2021. Accessed 2022. https://www.morningstar.com/articles/932642/an-action-plan-for-long-term-care.
3. Long-Term Care: The Crisis Everyone Must Face. May 2022. https://www.aarp.org/politics-society/advocacy/info-2022/jenkins-long-term-care-crisis.html?intcmp=AE-CAR-R1-C1.
4. Family Caregiver Alliance. National Center on Caregiving. Caregiver Health. Accessed September 2022. caregiver.org/caregiver-health.
5. Based on the John Hancock Cost of Care Calculator.
6. Second highest of 13 ratings (superior ability to meet ongoing insurance obligations). Financial strength rating is current as of September 30, 2023, is subject to change, and applies to John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York as a measure of each company's financial ability to pay claims and to honor any guarantees provided by the contract and any applicable optional riders. These companies have also received additional financial strength ratings from other rating agencies. Financial strength ratings are not an assessment, recommendation or guarantee of specific products and their investment returns or value, do not apply to individual securities held in any portfolio or the practices of an insurance company, and do not apply to the safety and performance of separate accounts.

The insured is financially responsible to their care providers, including charges not covered by the LTC rider.

Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. 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.

Guaranteed product features are dependent upon minimum-premium requirements and the claims-paying ability of the issuer.

Insurance policies and/or associated riders and features may not be available in all states.

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Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

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