



Indexed UL Portfolio

Seller's Guide

John Hancock
with Vitality



Offering savings
and rewards for
healthy living

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LIFE-4805 10/19 Producer



John Hancock’s Indexed UL Portfolio

Who is the target market?

- Ages 35–65
- Looking for life insurance protection along with higher crediting rate potential than a typical universal life product
- Optimistic about the market, but want their life insurance policy to be cushioned from negative returns

Indexed UL (IUL) is one of the fastest-growing product segments in the insurance market today

John Hancock’s IUL portfolio offers a combination of simplicity, opportunity and protection. Along with a Fixed Account option, it gives clients the opportunity to earn interest credits from a suite of indexed account options, providing the potential for cash value growth, along with the protection of a guaranteed zero percent floor. And with a straightforward product design, it’s easy to understand and sell.

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INSURANCE PRODUCTS:		
Not FDIC Insured	Not Bank Guaranteed	May Lose Value
Not a Deposit	Not Insured by Any Federal Government Agency	

What needs can an IUL policy address?

The products in John Hancock's IUL portfolio offer a variety applications for clients who need life insurance protection with the opportunity for growth to meet other long-term goals, such as:

- ✓ College Funding
- ✓ Estate Planning
- ✓ Business Planning
- ✓ Supplemental Income
- ✓ Retirement Backstop
- ✓ Financing Premiums

Cash value flexibility — if needed

Our IUL products provide a unique combination of death benefit protection and strong cash value accumulation potential. Whether your clients need cash value to supplement their retirement income or for college funding or financial emergencies, IUL offers the potential to provide this, along with the flexibility to access either through withdrawals or policy loans.

A unique solution for your clients

As you know, recommending life insurance does not work with a “one product fits all” approach. Different clients certainly have different needs and fall on different areas of the risk-reward spectrum. In fact, a key to making the best product recommendation is to know your clients’ investment risk tolerance.

Indexed UL occupies a space on the risk-reward spectrum between current assumption universal life (UL) and variable universal Life (VUL). Indexed UL has features of both product classes, and can be a very good fit for clients whose risk tolerance falls somewhere between the two product types. Most policyholders expect Indexed UL would accumulate more cash value than current assumption UL, but with more potential volatility. Indexed UL would also be expected to accumulate less cash value over the long-term than a VUL (but with less volatility).

Product Type	Guaranteed Interest	Potential Upside Investment Return	Potential Downside Investment Risk	Client’s Risk Tolerance
Term Insurance	n/a	n/a	n/a	Low
Current Assumption UL	Typically 2% or less	Tied to current rates, typically 3.5%–5%	Minimum crediting rate (typically 2%)	Low
Indexed UL	Typically 0% annually with a cumulative guarantee of 1%–3%	Typically capped at 8%–14%	0% Guaranteed Floor	Moderate
Variable UL	Fixed account only, typically 2% or lower	Unlimited	Unlimited	High

Our Indexed UL portfolio¹ offers all of the competitive product features that you’ve come to expect from John Hancock. Whether your clients are looking for single-life or survivorship coverage, cash value accumulation, or low-cost death benefit protection.

Indexed UL benefits include:

- Providing cash value growth potential linked to performance of the S&P 500® Index or Hang Seng® Index², while cushioning exposure to market losses
- Offering the potential for tax-free supplemental income as well as a smart solution for today’s estate-planning needs
- Delivering the flexibility to customize a policy to your clients’ needs and add innovative living benefits, including the unique John Hancock Vitality Program

John Hancock has three competitive Indexed UL products to meet their needs:

Accumulation IUL

Life insurance protection with strong cash value accumulation potential

Protection IUL

Low-cost permanent protection with cash value accumulation potential

Protection SIUL

Low-cost permanent survivorship protection with cash value accumulation potential

How does IUL work?

Indexed universal life insurance is a flexible premium product that gives policyholders an opportunity to capture upside market potential while cushioning them from negative market performance. Customers have the flexibility of choosing the index they would like to have the policy performance linked to (i.e., S&P 500 Index or Hang Seng) and choosing their allocation based on the risk exposure they are most comfortable with.

Like any flexible premium product, IUL can be funded at any time throughout the lifetime of the policy. Many policyholders pre-select the premium-payment frequency to monthly, quarterly, bi-annually, or annually to simplify the ownership experience and achieve the desired financial objective. Policyholders allocate their premiums across their choice of indexed accounts and a fixed account — and earn credits based on the performance of those accounts.



Indexed Accounts

Indexed Accounts give the policyholder an opportunity to capture upside market potential while cushioning the cash value from negative market performance. John Hancock offers a series of indexed accounts for each IUL product offering. Each indexed account is linked to a stock index (i.e., S&P 500 Index or Hang Seng Index) and has a unique set of indexed account parameters (i.e., cap rate, floor rate, participation rate, and multiplier). The interest credits earned will be based on the amount allocated among the indexed accounts available, as well as the performance of the referenced financial index, subject to the indexed account parameters outlined.



Fixed Account

The Fixed Account gives the policyholder an opportunity to seek more stable performance while earning a competitive interest rate. John Hancock offers one Fixed Account option for all IUL product offerings. The interest credits earned will be based on the amount allocated to the Fixed Account as well as the prevailing Fixed Account rate.



Access to Cash Value in the Policy

Policyholders can access the cash value within their policy via withdrawals or loans.³ Policyholders can elect one or a combination of these methods, consistent with their financial objectives.

Key IUL Terms:

Cap Rate: The maximum annual Segment Growth Rate for an indexed account

Floor: The minimum annual Segment Growth Rate for an indexed account

Participation Rate: The percentage of the change in the index value that will be recognized when calculating the Segment Growth Rate

Multiplier: Interest credits provided in addition to the Segment Growth Rate

Financial Index Definition:

S&P 500 Index: Widely regarded as the best single benchmark of the U.S. market, the S&P 500 Index includes 500 large cap common stocks actively traded in the United States.

Hang Seng Index: One of the most recognized indicators of the stock market performance in Hong Kong. It tracks the largest companies of the Hong Kong Exchange, covering approximately 65% of its total capitalization.

What Indexed Accounts can clients choose from?

With a John Hancock IUL policy, you can offer a diverse range of Indexed Account options with access to the S&P 500 as well as international markets via the Hang Seng Index.

John Hancock's Indexed UL Suite offers:

A diverse range of Indexed Account options, including access to S&P 500 as well as international markets via the Hang Seng® Index. Indexed Account options include:

- **Guaranteed 0% Floor** – ensuring policy will never experience negative returns
- **Guaranteed Indexed Account Multiplier** – applied to interest earned in the Indexed Accounts.
- **Complete Flexibility** to allocate among all Indexed Accounts and the Fixed Account
- **A competitive Fixed Account** that provides secure and steady growth
- **Guaranteed to never be below 2%**

Indexed Account Options

Indexed Account	Annual Point-To-Point Measurement	0% Guaranteed Floor	Guaranteed Indexed Account Multiplier*
S&P 500 Index			
High Par Capped Indexed Account More stable performance linked to the S&P 500 Index	✓	✓	✓
Capped Indexed Account The opportunity for upside potential	✓	✓	✓
Enhanced Capped Indexed Account** Greater opportunity for upside potential	✓	✓	✓
High Capped Indexed Account Higher growth potential and in exchange willing to take on more risk	✓	✓	✓
Enhanced High Capped Indexed Account** The most growth potential in exchange for taking on greater risk	✓	✓	✓
Hang Seng Index			
Capped Hang Seng Indexed Account Upside potential with growth opportunities and exposure to international markets	✓	✓	✓

* Beginning in Policy Year 1

** Available on Accumulation IUL'18 only

How do different market conditions affect interest credits?

Using our popular Accumulation IUL as an scenarios, here are a few hypothetical examples showcasing how interest credits are determined and how they would change under different market conditions.

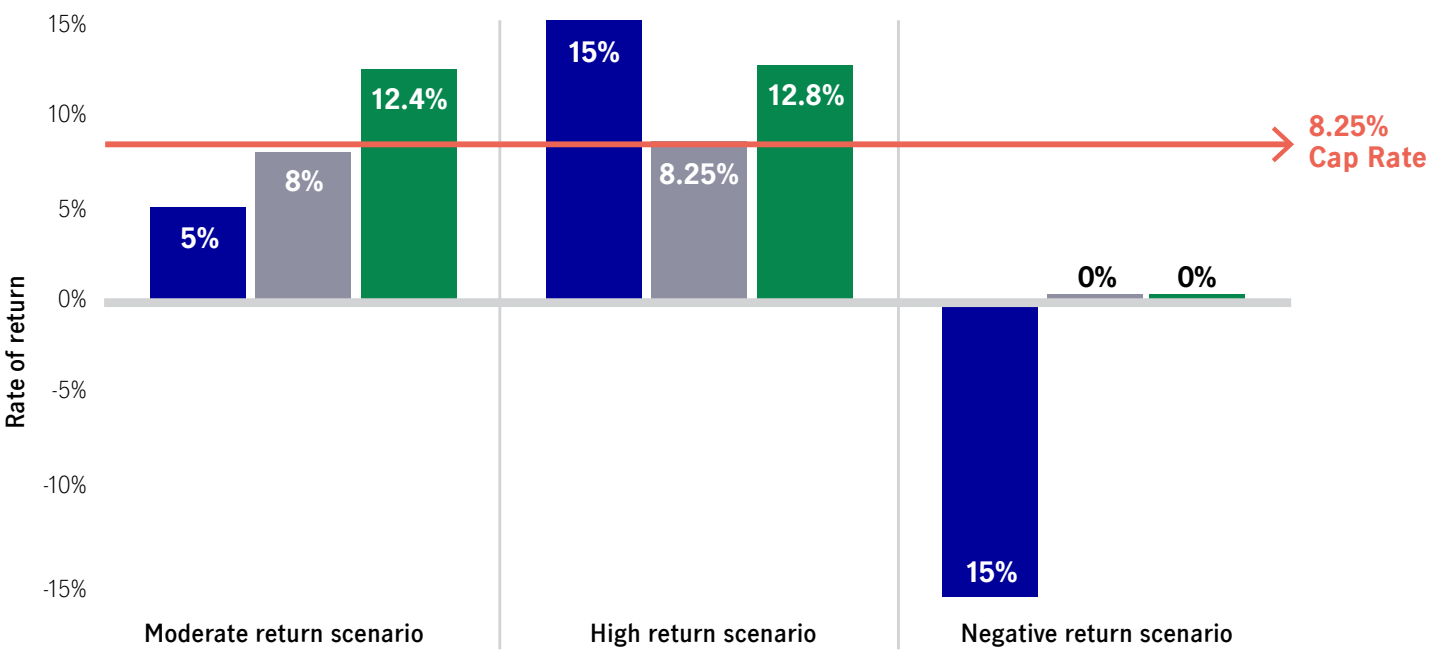
Crediting Rate: Segment Growth Rate **X** (1 + Multiplier), where

Segment Growth Rate: Positive Index Change **X** Participation Rate, subject to predetermined cap

Accumulation IUL '18 referencing High Par Indexed Account

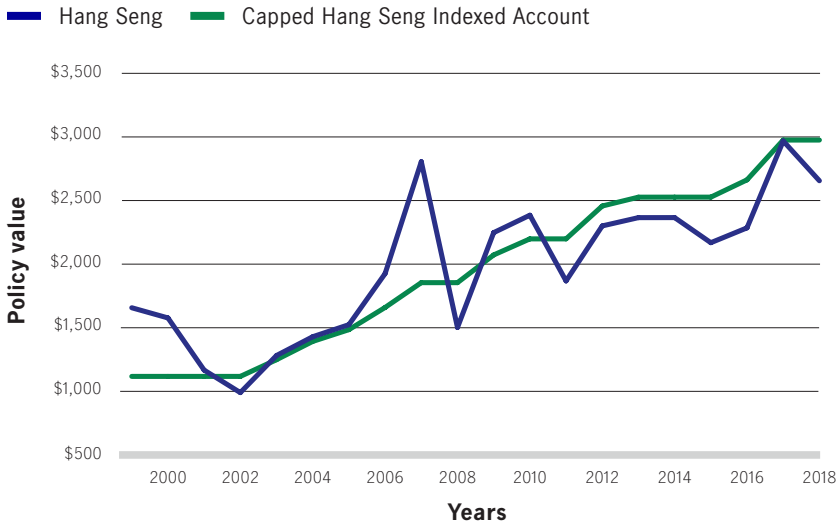
Cap Rate: 8.25% Participation Rate: 160% Floor rate: 0% Multiplier: 55%

■ S&P 500 ■ Segment Growth Rate ■ Crediting Rate



How does IUL offer both growth potential and downside protection?

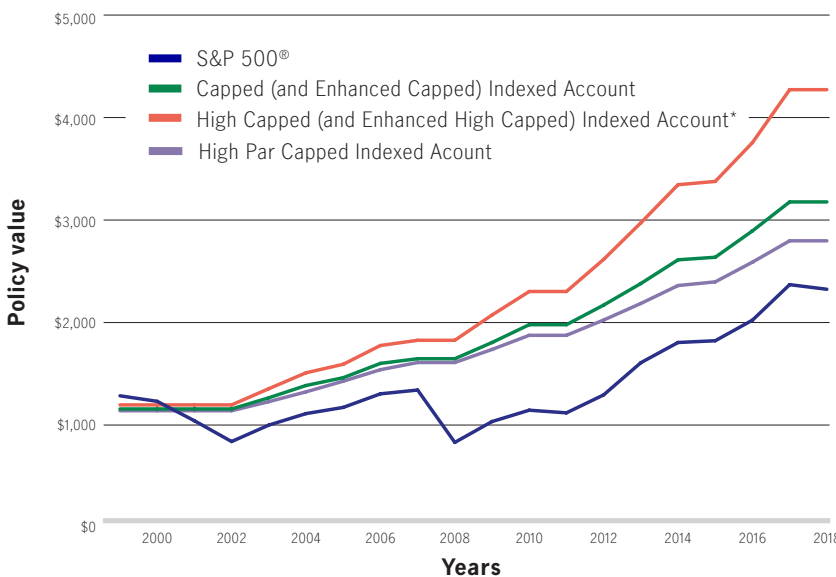
IUL allows the potential for significant cash value accumulation, because clients can allocate their premiums to Indexed Accounts that follow the S&P 500 or the Hang Seng Index. For example, look at the growth of \$1,000 allocated to the Capped Hang Indexed Account over the past 20 years. **\$1,000 invested over 20 years.**



Source: Hang Seng from 1998-2018. Annual Hang Seng returns (without dividends) and the return of the Capped Hang Seng Indexed Account. The Capped Hang Seng Indexed Account example shown is based on a 11.75% cap and 0% floor. It does not reflect any multipliers associated with the Indexed Account. The above information is hypothetical and provided for illustrative purposes only. The first Index Appreciation Account Segments were available beginning March, 2017.

When zero is hero

The 0% floor offered on our Indexed UL portfolio can be your clients' hero. The 0% floor protects the policy cash value during volatile equity markets. Take a look below to see how \$1,000 subject to the parameters of any of John Hancock's indexed accounts would have grown over 20 years, all while protecting policyholders from the effects of major market downturns.



Source: S&P 500 from 1998-2018. Annual S&P 500 returns (with dividends) and the returns of the Capped Indexed Account, High Par Capped Indexed Account, and High Capped Indexed.

The Capped Indexed Account illustration shown is based on 10% cap and 0% floor. The High Par Capped Indexed Account illustration shown is based on 8.25% cap, 160% participation rate, and 0% floor. The High Capped Indexed Account illustration shown is based on 14.00% cap and 0% floor. All returns do not reflect any multipliers associated with any of the indexed accounts. The above information is hypothetical and provided for illustrative purposes only. The first Index Appreciation Account Segments were available beginning October 2011.

* The Enhanced Capped Indexed Account and the Enhanced High Capped Indexed Account are available only on Accumulation IUL18.

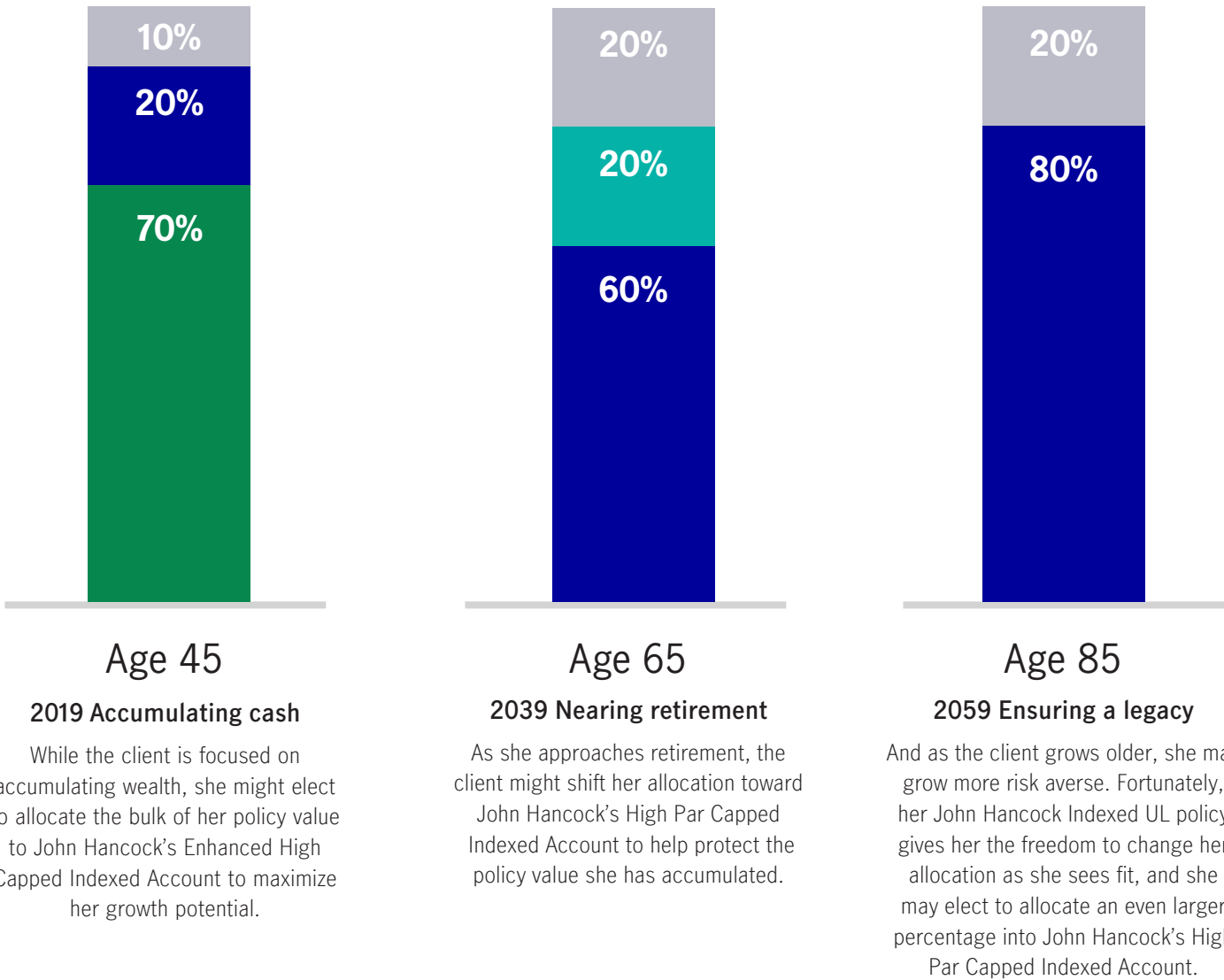
What if my clients' needs change in the future?

By offering a full suite of competitive Indexed Account options, our IUL products give clients the flexibility to adjust their allocations as needed, ensuring then can continue to meet their goals as they change over time. The following example shows how a John Hancock IUL policyholder might change their Indexed Account allocations over a 40-year period.

IUL Life Cycle

Female, age 45, purchases an IUL policy in 2019

Enhanced High Capped Indexed Account Capped Indexed Account High Par Capped Indexed Account Fixed Account



How can I enhance the John Hancock IUL sale?

John Hancock's IUL portfolio offers a full suite of living benefits that can create the ideal product solution for your clients' future needs, including:

- **Critical Illness Benefit Rider⁴**
- **Long-Term Care (LTC) Rider⁵**
- **John Hancock Vitality Program**

Top 10 selling points for John Hancock's IUL products

- 1 Industry-leading **affordability and cash value accumulation** potential
- 2 **Premium savings and rewards** with the John Hancock Vitality Program
- 3 **Rolling targets** for an extra boost to compensation
- 4 High Capped & Enhanced High Capped Indexed Accounts available on Accumulation IUL '18 for greater **competitive upside potential**
- 5 High Par Capped Indexed Account **offering stable performance** with a 160% participation rate (140% guaranteed)
- 6 **Access to diversified markets** via the Hang Seng® Indexed Account
- 7 Competitive Fixed Account that provides **safe and steady growth**
- 8 **Guaranteed multipliers** for all John Hancock IUL products
- 9 **LifeTrack** — an innovative **policy management tool** to help clients achieve their coverage goals
- 10 **Guaranteed protection** with a No-lapse Guarantee, 0% floor, and a 2% cumulative interest rate



John Hancock Vitality Life Insurance

At John Hancock, we believe life insurance should help people live longer, healthier lives. That's why we introduced **John Hancock Vitality**, a new kind of life insurance that rewards people for living healthy.

There are two versions of the John Hancock Vitality Program to support your clients along the way, **Vitality GO** and **Vitality PLUS**.



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 155 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 **visit JHSalesHub.com/IUL**.



1. Insurance policies and/or associated riders and features may not be available in all states. Some riders may have additional fees and expenses associated with them.
 2. Standard & Poor's®, S&P®, S&P 500®, Standard & Poor's 500 and 500 are trademarks of Standard and Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. Hang Seng® Index is a trademark of Hang Seng Data Services Limited. John Hancock has been licensed to use the trademarks of S&P and Hang Seng Index (collectively, the "Indices"). The Product is not sponsored, endorsed, sold or promoted by the licensors of the indices and they make no representation regarding the advisability of purchasing the Product. You cannot invest directly in the Indices.
 3. 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.
 4. The Critical Illness Benefit Rider provides a one-time, lump-sum benefit for covered critical illnesses subject to eligibility requirements. The benefit will not be paid for critical illnesses initially diagnosed before the rider effective date or during the waiting period. The rider is not available in all states and state variations may apply.
 5. 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. Please go to JHSalesHub.com to verify state availability.
 6. Second highest of 13 ratings (superior ability to meet ongoing insurance obligations). Financial strength rating is current as of May 1, 2019, 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.
- Accumulation IUL '18 is not currently offered in New York. Accumulation IUL '17 is currently available in New York.
- Protection SIUL'19 is not currently available in NY. Protection SIUL'13 is currently available in NY.
- Guaranteed product features are dependent upon minimum premium requirements and the claims-paying ability of the issuer.
- John Hancock's death benefit guarantees are product specific and are intended to prevent policy default. The durations of the guarantees may vary, and are subject to meeting policy-funding requirements. Please see the producer guide for additional details.
- Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock.
- Vitality Go is not available in New York.

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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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