

Invest in your life

CLIENT SNAPSHOT

The value of permanent insurance – death benefit, living benefits, and a competitive rate of return

In addition to providing valuable death benefit protection, permanent life insurance can also provide many benefits during life - we call these the “living benefits” of life insurance. These living benefits, coupled with a competitive rate of return, often make life insurance a key part of an overall financial plan. Permanent life insurance offers:

Death Benefit Protection

The death benefit from a life insurance policy is received income tax-free¹ and provides a source of liquidity when it's needed most. These funds are often used to:

- Replace lost income
- Provide a lasting legacy for beneficiaries
- Pay off debt
- Pay final expenses and taxes

Competitive Rate of Return

Permanent life insurance also can offer a very attractive rate of return (ROR) when compared to other investment options. The ROR on a death benefit is equivalent to an interest rate at which an amount equal to the illustrated premium could have been invested outside the policy to arrive at the death benefit of the policy. Generally, a taxable investment will have to earn a higher ROR to equal the amount provided by the tax-free death benefit.

In the early years, the ROR on the insurance can far exceed the return available on most taxable investments and generally will continue to provide strong returns even past life expectancy.

The tax advantages of life insurance also make it a unique and attractive investment. The death proceeds are received income tax-free, which may provide a better return on the premium than if you had invested those dollars in a taxable asset. Plus, the potential policy cash values grow tax-deferred and can be accessed in a tax-favored manner during your lifetime.²



*Want to learn more about **ROR and life insurance?** Ask your advisor for a customized illustration.*

The Living Benefits of Life Insurance

In addition to death benefit protection, permanent life insurance can provide significant living benefits such as:



SUPPLEMENTAL INCOME

The cash value in a permanent life insurance policy can be withdrawn or borrowed from to help meet a variety of needs:

- Supplementing your primary retirement income
- Paying for unexpected costs that may arise such as housing, medical, and/or other personal expenses
- Funding a child or grandchild's education or paying for other large expenses

Because the amounts withdrawn/borrowed from a life insurance policy are received income-tax free, having access to these funds may provide significant tax benefits when compared to other investments.



LONG-TERM CARE

If you were to need long-term care services, how would you pay for these expenses? Have you considered the impact that paying for prolonged care might have on your accumulated savings? What about the effect on your family if a spouse or child has to provide care? To help address these risks, **adding a rider for long-term care to a life insurance policy can allow the policy owner to accelerate the policy's death benefit, income tax-free, to help cover long-term care costs.**



CRITICAL ILLNESS COVERAGE

During your working years, suffering an unexpected critical illness can have a debilitating effect on your finances, and your ability to save for retirement. Adding a rider for critical illness to a life insurance policy can help by offering **an income tax-free benefit upon diagnosis of a covered critical illness such as stroke, heart attack, and certain types of cancer.**



REWARDS FOR HEALTHY LIVING

At John Hancock, we believe in helping people live longer, healthier lives. With the John Hancock Vitality Program, **clients are rewarded for the everyday things they do to be healthy, like exercising, eating well, and getting annual check-ups.**



DISABILITY

Adding a **disability rider to a life insurance policy can help to ensure the policy stays in force**, even if the policyowner cannot pay premiums due to disability.

Next Steps

Saving for the future and protecting your family is a critical component of building a long-standing financial plan. The combination of income tax-free death benefit protection, competitive rates of return, tax-favored access to the policy cash value and the added protection of living benefits make life insurance one powerful financial solution.

Talk to your financial advisor today to learn more about permanent life insurance.

1. Life insurance death benefit proceeds are generally received income tax-free. There are a few exceptions, such as when a life insurance policy has been transferred for valuable consideration.
 2. Loans and withdrawals will reduce the death benefit and 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 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 59 ½. Withdrawals are available after the first policy year.
- Insurance policies and/or associated riders and features may not be available in all states.
- Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock.
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- Some riders may have additional fees and expenses associated with them.

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