

Business Succession Planning

in the Business Planning Market

Business Succession Planning

Succession planning is critical to supporting the effective transition of a business from one owner to the next; whether that transition occurs due to a planned exit by the owner — like the owner’s retirement — or an unexpected or tragic event — like death or disability. Without a plan in place, a thriving business could fail in an instant, jeopardizing the financial futures of all those who rely on the business and its continued success.

Unfortunately, statistics show that **up to 60% of business owners do not have any formal succession plan for their business.**¹ Why is this the case?

- For more established businesses, the owner has probably spent a good portion of his or her life creating or supporting the business and working to make it profitable. Given how much these owners have sacrificed to build their “life’s work,” they cannot imagine (or do not want to imagine) a time when they will not be involved in their business.
- For newer businesses, the owner may be more concerned about keeping the business afloat and thriving in the present rather than spending time to consider what will happen to the business in the future.
- For all owners, the process of creating a business succession plan also may seem too cumbersome and time-consuming, especially when a “successor” is not already identified or requires the owner to choose among family members or valued employees. When so much of a business owner’s time is consumed by the day-to-day activities associated with running the business, taking the time to discuss what should happen to the business at some unknown date in the future may have the owner running for the hills.

Despite many owners’ reluctance to sit down and make a plan, the reality is that no owner will be involved in his or her business forever. **In fact, 40% of business owners have indicated that they expect to retire in the next 10 years.**²

For family businesses, which comprise 80% to 90% of all business enterprises, lack of planning also could have a significant effect on the viability of a business as it passes down through the generations — considering that currently **only 30% of family owned businesses survive into the next generation and 12% remain viable until the third generation.**³

For “key questions” to help initiate the creation of a business succession plan and identify potential successors, see page 12.

WHAT IS BUSINESS SUCCESSION PLANNING?

The answer to this question may seem obvious, but many people incorrectly talk about succession planning or continuity planning interchangeably with buy-sell planning. Although a buy-sell plan (also referred to as buy-sell agreement) may be an important element to the continued success of a business, succession planning is much broader than just a buy-sell agreement.

Succession planning is the process of identifying the key factors that help make a particular owner's business successful — e.g., management, employees, customer relations, owner involvement, etc., — and creating a "blueprint" that helps support these key factors when a business transitions from one owner to the next.

A succession plan generally will outline these key factors:

- **The owner's goals for the business**
- **When the owner wants to leave the business**
- **How he or she wants to leave the business — sell, retire, etc.**
- **To whom he or she wants to leave or sell the business**
- **How to fund transfers, sales, retirements and disability**
- **Who will manage the company after the owner's departure**
- **How to retain key employees vital to the transition of the business**
- **Considerations to avoid family discord**

Getting a business owner to sit down and think about these important factors helps secure the business' future by having a plan in place — especially when the unexpected occurs.

It is important to note that a succession plan for one owner may look completely different than another owner as each one is customized to the owner's unique goals, objectives and circumstances. For example:

- In a family-owned business, the succession plan may outline the transition of ownership to the next generation without necessitating any type of formal buy-sell agreement. This type of succession plan may be focused on when the business will transition to the next generation, how to mentor or train the next generation so they are prepared for ownership, and how to protect the value of the business for the next generation at the death of the owner.
- For a business with multiple owners, the succession plan may require that ownership stay among current and active owners, necessitating an exit strategy for an owner who retires, becomes disabled or dies. This is where a buy-sell agreement, which is part of the overall succession plan, would likely be used to ensure that the business properly transitions among the owners.

Just as a **business plan** can be vital to the creation and on-going success of a business, a **business succession plan** is vital to the continued success of a business after a key owner has left.

Planning Opportunities

The most common planning opportunities considered when working on a business succession plan are discussed below and based upon who the client has identified as a possible successor or person essential to the continued success of the business:

- **Family member**
- **Another business owner**
- **Key employee**
- **Successor unknown**

These opportunities are not exclusive to any one group and there may be cross-over between groups. For example, if a client indicates that he is in a family business with his two brothers and his son, he may want to simply leave his interest in the business to his son via the Last Will and Testament or may want to have a more formal buy-sell agreement that requires the co-owners to purchase his interest at death. You should consider both planning opportunities for a family member and opportunities when there are multiple owners.

Family member as successor

When working with a business owner who plans to transition his or her business to a family member, the owner may want to transition the business via lifetime gifts and/or at the owner's death. Although transitioning the business via a gift or bequest is fairly straightforward and may not require complicated documents, life insurance could be an essential factor in this type of plan to ensure that both the family and the business are protected after the owner is out of the business.

Consider the importance of life insurance in the following scenarios:

Estate Taxes

Estate taxes can have a debilitating effect on a closely-held business if there is not enough liquidity in the estate to pay the tax liability within the 9 month window allowed after the business owner's death. Life insurance provides cash right when an estate needs it most.

Estate Equalization

Passing on a family business to the next generation can present challenges, especially when there are some heirs more active in running the business than others. To avoid creating conflict and inequality amongst the heirs, the purchase of a life insurance policy on the senior generation business owner would provide a resource to equalize the inheritance at the owner's death for the non-active heirs while protecting the business for the active heirs.

Key Person Insurance on the Business Owner

In many family businesses, the death of the primary business owner (usually a senior generation owner) could result in detrimental financial loss that may threaten the company's ability to continue its operation. Life insurance can help the business stay afloat while the younger generation becomes acclimated to running the business and forging new business relationships previously secured by the older family member. Additionally, a key person policy could be used to pay off any debts that may be called by the bank at the death of the senior owner or to help retain key employees that otherwise may leave at the death of the owner.

Co-owners as successors

Very often a business with multiple owners will want the succession of the business to stay with the active or current owners. Consequently, a buy-sell agreement, which provides an option or requirement that a departing owner transfer his or her business interests to the remaining or surviving business owners, will likely be used as part of the overall succession plan — especially when working with business owners who are not family members.

WHAT IS A BUY-SELL AGREEMENT AND HOW DOES IT FACTOR INTO SUCCESSION PLANNING?

A buy-sell agreement is a legally binding contract that provides for the transfer of ownership in the business upon a “triggering event” — e.g., death, disability, retirement, divorce, bankruptcy, etc. Working with tax and legal counsel, the owners of a business (and possibly the business itself) enter into a written agreement that provides rights and/or obligations for the purchase of a business owner’s interest in the business should one of the specified triggering events occur. The owner, in turn, agrees that he/she (or his/her estate, in the case of death) will transfer the business interest to the other owners (or the business itself) for an agreed-upon price.

By implementing a buy-sell agreement, the business is more likely to continue running smoothly after the departure or death of one of the owners due primarily to the fact that the remaining owners can rest assured that the business will remain in their control and they will not need to work with any outside parties. The departing owner and his/her family is also protected by a buy-sell agreement in that there is a designated buyer for his/her interest in the business if a triggering even occurs, which means the owner (or his/her estate) can be fairly compensated for his/her interest in the business.

Does your client already have a buy-sell agreement in place? If so, see page 9 for questions and tips to determine if the current buy-sell agreement needs to be updated.

A buy-sell agreement can be an essential factor in planning for the continued success of a business, particularly in the following areas:

- **Creating a market for an owner’s interest** in the business, usually when it is needed most — e.g., death of the owner, disability or retirement
- **Establishing a purchase price for the business interests**
- **Protecting owners who continue in the business** interest by restricting transfer of ownership interests to outside parties
- **Providing liquidity** for the deceased owner’s estate to pay estate taxes or other debts of the estate

WHAT ARE THE MOST COMMON TYPES OF BUY-SELL AGREEMENTS?

Entity Redemption

Provides that the business will pay the owner or the owner's estate an agreed upon amount for the owner's interest in the business upon a triggering event — e.g. death, disability, or retirement. The owner, in turn, agrees that he/she (or his/her estate, in the case of death) will transfer the business interests back to the entity for the agreed-upon price. To meet the obligations under the buy-sell agreement, the business will purchase life insurance on each of the participating owners. The policy is employer-owned and therefore must comply with IRC 101(j) to ensure the death benefit will be received tax-free. See the *BYA: 101(j) Requirements for Employer Owned Life Insurance* for important information about employer-owned insurance requirements under IRC 101(j).

Cross Purchase

Provides that each owner of the business will purchase another owner's interest in the company upon a triggering event. Typically, each owner is required or has the option to purchase a percentage or proportional share of a departing owner's interest in the business. In turn, each owner also agrees that he/she (or his/her estate, in the case of death) will transfer his/her business interests to the other owners for the agreed-upon price when a triggering even occurs. The cross-purchase agreement is negotiated amongst the owners of a business themselves; this means that not all owners must participate or be included in the buy-sell obligations.

Wait and See

A wait and see buy-sell arrangement is a hybrid buy-sell arrangement that combines features of both an entity purchase and a cross-purchase buy-sell agreement. With a wait and see buy-sell arrangement, the buy-sell agreement generally will provide the entity with the first option (aka the "right of first refusal") to buy any portion of the departing or deceased owner's interest within a certain time period after a triggering event. If the entity does not fully exercise this option, the business owners have the second option or right of refusal to purchase the business interests from the departing/deceased owner. Finally, if the remaining owners do not exercise their right of refusal, the entity will be required to purchase the balance of the departing/deceased owner's interest for the agreed-upon value. To meet the obligations under the buy-sell agreement, either the business (generally preferred) or the individual owners will purchase insurance policies on the lives of the business owners.

Cross Endorsement

A cross endorsement arrangement is an alternative to the typical funding approach used with cross-purchase buy-sell agreements.

Under a cross endorsement arrangement, each business owner purchases and owns a life insurance policy on his or her own life and endorses a portion of the death benefit to the other owners.

In return for the business owner endorsing the death benefit to his/her co-owners, the other owners will pay a rental fee equal to the “economic benefit” costs of the endorsed amounts, similar to the economic benefit fees charged under a split dollar arrangement. When the business owner dies, his/her co-owners will receive the portion of the death benefit endorsed in their favor, tax-free,⁴ and will use those funds to meet the purchase obligations under the cross-purchase buy-sell agreement. Any death benefit not endorsed to the co-owners will be paid to the owner’s designated beneficiaries (e.g., spouse and children).

Trusteed

In a trusteed arrangement, a trustee purchases life insurance on the life of each business owner who is a party to the cross-purchase buy-sell agreement and pays the premium on such policies via contributions from the business owners. Upon the death of an owner, the trustee (1) collects the life insurance proceeds, (2) purchases the business interests from the estate of the deceased owner, and (3) distributes the business interests to the surviving owners.

Partnership

This arrangement is similar to the trusteed arrangement; however, instead of creating a trust, the business owners form a partnership. The partnership then purchases a life insurance policy on the life of each business owner and pays the premium via contributions made to the partnership each year by the business owners.

WHAT ROLE DOES LIFE INSURANCE PLAY IN A SUCCESSION PLAN?

Life insurance is a powerful tool that allows a business owner to protect the value of the business by having access to liquidity at the most critical of times. Not only can life insurance provide much needed liquidity after the death of a business owner or other key employee, but a cash value permanent life insurance policy can provide access to cash during the life of the insured, which can be used as a funding source for a lifetime buy-out of the business owner, for a deferred compensation plan, as security for a bank loan...just to name a few.

The tax advantages of life insurance also make it very desirable and a competitive asset for business planning purposes. The proceeds paid upon death typically are received income-tax free and the owner can access the cash that has accumulated in the policy while the insured is alive also free of income taxes. Given that so many businesses today are designed to be pass-through entities (whether it’s in the form of an S corporation, partnership or LLC), which requires the business owners to pay taxes on all income generated by the business (including investment income), the tax advantages of life insurance may make this type of asset even more desirable than other investments.

WHAT TYPE OF BUY-SELL AGREEMENT IS RIGHT FOR MY CLIENT?

Choosing the right structure for a buy-sell agreement can depend on a lot of factors, including:

- **How many owners are involved in the business;**
- **What is the business structure (e.g., C corp, S corp, partnership, LLC); and**
- **Who will pay the premiums and how much control does each owner want over his or her policy.**

While the client's tax counsel will likely help decide what type of arrangement is most appropriate, here are some helpful items to consider:

Basis Increase

With a cross-purchase buy-sell agreement (or variation thereof), the surviving business owners receive basis in the purchased shares or interests equal to fair market value. This is often referred to as the "step-up" in basis associated with a buy-sell obligation. An entity purchase buy-sell arrangement with a C corporation does not provide a similar increase in basis of the remaining shareholders' stock. However, life insurance proceeds received by an S corporation can increase the basis of its shareholders' stock (if certain requirements are met), providing a "step up" to the surviving shareholders.

Number of Policies Required

When there are more than two or three owners, a traditional cross-purchase buy-sell arrangement funded with life insurance can be complicated due to the number of policies that are required. Where there are more than two or three owners, an entity purchase, cross endorsement, trusted cross-purchase or partnership arrangement may be considered.

Transfer for Value

Under IRC section 101(a)(2), the transfer of a life insurance contract or any interest in the contract for valuable consideration can result in a portion of the death benefit being subject to income tax, unless an exception to the transfer-for-value rule applies. Exceptions to the transfer-for-value rule include a transfer to (1) the insured, (2) a partner of the insured, (3) a partnership in which the insured is a partner, or (4) a corporation in which the insured is a shareholder or officer. Care should be taken when choosing a buy-sell arrangement to ensure that there is not an obvious or hidden transfer for value situation for which there is not a permissible exception in order to avoid adverse income taxation. For more information on the application of the transfer for value rules, see our *BYA: Understanding Transfer for Value* or call Advanced Markets.

BUY-SELL POLICY REVIEW

For your clients with existing buy-sell agreements

Ask the business owner these questions to determine whether their current agreement needs to be updated:

Is the agreement between all of the owners or just some owners?

A buy-sell agreement does not have to apply to all owners of a business, nor does it have to apply the same terms and conditions among the owners, but the owner should be aware of this discrepancy and the reasoning behind why the agreement treats owners differently.

What are the triggering events for the buy-sell obligations?

Triggering events may typically include provisions for death, disability, incapacity, bankruptcy, loss of a professional license, divorce, and/or retirement. If a buy-sell agreement lacks one of these important triggering events, it may be worthwhile to discuss this with the owner.

Who is designated as the buyer of a deceased owner's interest — the company or the other owners?

Whoever has the obligation to buy a departing owner's interest in the business is usually the person (or entity) that will own the life insurance so that the financial obligations can be met at a triggering event. If the business owner has a buy-sell agreement and life insurance to fund the buy-sell, check to see if ownership of the insurance makes sense given the purchase obligations. For example, if the company is required to buy out a deceased owner's interest but a co-owner is the owner of the insurance, there may be a disconnect that needs to be addressed.

Is the buy-sell obligation voluntary or mandatory?

A voluntary agreement means that at a triggering event — e.g., death, disability, retirement, etc. — the remaining business owners have the option to buy out the business interests of the departing or deceased owner. A mandatory agreement mandates that the remaining owners purchase the departing or deceased owner's interests. A voluntary agreement may not adequately protect a business owner or his or her family as it is merely an agreement to agree on how negotiations may take place in the future.

How is the price of a departing owner's interest determined?

The most common methods to determine the price of a departing owner's interest are: by appraisal, book value, a multiple of earnings, discounted cash flow method, or as agreed on annually by the owners. Many of these valuation options — like book value or multiple of earnings — can be susceptible to manipulation and may not provide a departing owner's family with the best value. An appraisal method or an agreed upon price may create less conflict when a purchase is required but have their own costs or administrative issues to consider.

Is your buy-sell adequately funded?

Typically a buy-sell agreement should have provisions that address how a departing owner will be paid by the remaining owners. Common methods for funding a purchase obligation include: an installment sale, creating a sinking fund of investments for the future purchase, borrowing money, and/or life insurance. Life insurance usually is the preferred method of funding.

Is there a management succession plan in place?

A management plan as part of the overall succession plan is especially important with family owned businesses as this is where the most conflict can occur at the death of a senior owner.

Key person or non-owner as successor

It is not unusual for a business owner to indicate that he or she is interested in leaving the business to a key employee or someone else who is not a current owner of the business. Even if the owner names someone else as the successor — like a family member or co-owner — retaining a key employee that knows the business inside and out may be imperative to the successful transition of the business from the owner to the appointed successor.

To help with the successful transition of the owner's business in these scenarios, consider the following opportunities:

Key person or non-owner as successor

➔ One-way buy sell

A one-way buy-sell arrangement is a succession planning solution in which a key employee (or multiple key employees) agrees to buy the business in the event of the owner's death, disability or retirement. Unlike other buy-sell agreements, the obligation to purchase the business falls squarely on the key employee and the owner has no reciprocal responsibilities. As with other buy-sell agreements, life insurance is typically used as the funding source to meet the purchase obligations of the business from the deceased owner's estate.

➔ Employee Stock Ownership Plan (ESOP)

An ESOP is a special type of qualified retirement plan (like a profit sharing plan) created for the benefit of the company's employees that invests primarily in the stock of the employer/company. An ESOP is most commonly used to provide a ready market for the shares of a closely held corporation when a business owner is ready to depart. If a corporate owner does not have a family member, co-owner, or outside buyer interested in taking over the business, or would like to see the ownership of the business transition to the employees, an ESOP can be an effective way to create a source of funds to purchase the owner's interest in the company.

Key person imperative to continued success of the business after transition

➔ Key person insurance on the business owner

In many small businesses, key employees often are as critical to the continued success of a business as the business owner. These individuals have often been with the company from the beginning, know the ins and outs of the business, and may be responsible for maintaining the relationships with clients, customers, vendors, etc. Upon the death of the business owner to whom these key employees are loyal, these individuals may decide to seek opportunity with a competitor (or start a competing business) rather than stay through the transition of the business to a new (and possibly unknown) owner. With that in mind, a key person policy on the life of the business owner would be one way to infuse the business with liquidity that could be used to provide a lucrative incentive to keep these key employees involved in the business, at least for a period of time, so that the business can transition without skipping a beat.

Successor unknown

For a business owner who has no successor in mind, it is important to ask your client what he or she sees happening to the business if something were to happen. Could the client's family step in and take over the business? Would the owner want to put that sort of pressure on his or her family to preserve the value of the business and support themselves? Could the business realistically be sold to a third party and what sort of value could the family expect? At a minimum, are there assets of the business — e.g., inventory, real estate, intellectual property, etc. — that could be sold?

Although there is likely some value that can be generated from the business after an owner decides to retire or passes away, it may be pennies on the dollar compared to the business' value while the owner is alive and well. When there is no true succession plan, a life insurance policy should be considered as a way to protect the owner's family and help replace the value of the business in the estate via the death benefit.

WHERE CAN I LEARN MORE?

Visit the Advanced Markets section on JHSalesHub.com!

In the Business Planning - Succession Planning section you will find:

Web Tools

- Business Valuation Calculator

Supporting Marketing Materials , including fact finders and client pieces for:

- Buy-Sell Arrangements
- Key Person

Technical Marketing Material

- BYA: 101(j) Requirements for Employer Owned Life Insurance
- BYA: Understanding Transfer for Value
- BYA: Business Valuation

In addition, our proprietary JH Solutions can produce custom client presentations. Some of the presentations available are:

- Cross Endorsement Buy-Sell
- Cross Purchase Buy-Sell
- One Way
- Key Person

These are just some of the materials and tools we have available to better help you. If you need help please feel free to contact the Advanced Markets Group.

Key Questions TO ASK

How do you effectively demonstrate to your clients the need for succession planning in a way that will actively engage your clients and convince them to start planning? The answer may be as simple as asking them some key questions that can expose significant impacts to the business if a succession plan is not in place.

If you were unable to come to work for the next 6 months for whatever reason, who would run the business for you? In what condition would you find the business upon your return?

This is a great question to start with as it does not mention business succession planning — a term that could scare the business owner and shut down the conversation — but helps the owner begin to recognize important issues associated with lack of planning and also may help identify key players in the business (other than the business owner) who might be natural successors.

Have you ever thought about who you want to take over the business from you? If so, who is that person?

These questions are meant to determine if the owner has thought about the business' future and, if he or she has, whether those plans are in line with whom the owner identified in the previous question as the person or persons who would be relied upon today to run the business if something happened. For example, the owner may "want" to have his or her business transition to the children, but the children may be young and/or inexperienced. In reality, if something happened to the owner today, a key

employee or other family members might actually be charged with keeping the business afloat until the younger generation is ready to take over. Factoring in these key employees into the business succession plan will be imperative to helping the client realize his or her goals for the business' transition in the future

If you die unexpectedly, can your family continue to run the business?

This question may uncover potential issues or pitfalls associated with not having a succession plan. If the answer is yes, you should ask follow-up questions as to who in the family would take charge, what might be the potential issues associated with an abrupt transfer of the business, etc. to get the owner on his or her way to creating a business succession plan. If the answer is no, you should think about following up with questions that address who might be able to step in and whether the owner is worried about protecting his or her family in this were to happen.

Will your estate have enough liquidity to pay taxes, etc. if you died unexpectedly?

For many business owners the business interests may make up a very large portion of the owner's overall net worth. If that is the case and the owner has (or may have) exposure to estate taxes at his or her death — either at the state and/or federal level — not having liquidity to pay estate taxes could force the owner's estate to sell or liquidate the business interests or take on debt to come up with the estate tax, which is due 9 months after death. Life insurance may be extremely valuable in this type of scenario to ensure the estate has money to pay the estate tax and not force the family to sell or liquidate the business to come up with this payment.

JUST GETTING STARTED

Depending on whom the business owner has named as a possible successor (or whom you have helped identify as a natural successor), here are some more follow-up questions that may help the owner understand (and embrace) the importance of succession planning.

IF THE OWNER WANTS TO LEAVE THE BUSINESS TO HIS FAMILY:

- Would you like your business to remain in your family?
- Are there family members currently active in the business? If so, is there one person that is more of a leader?
- Do you have family members not involved in the business that you want to provide for in your estate plan?
- Do you want your heirs to share equally in your estate?
- How confident are you that the active and inactive members of your business could successfully work together to run the business?
- Would you like to provide a source of funds, other than your business, to provide for your heirs who are not involved in the business?

IF THERE ARE CO-OWNERS:

- Have you and the other owners discussed what will happen if one of you leaves the business?
- Do you have any type of arrangement already worked out between you and the other owners? If so, when was that agreement created and/or last reviewed?
- Will your family be adequately provided for via income from the business if you died unexpectedly?
- Would you want to be in business with a spouse of a co-owner if the co-owner were to die?
- Would you like to have your interests in the business purchased upon your death? What about if you retire or become disabled?
- Do you think the other owners of your business want the same thing?
- How important is flexibility to you in terms of how a purchase or sale of business interests is handled?

IF A KEY EMPLOYEE MIGHT TAKE OVER OR IS IMPERATIVE TO THE CONTINUED SUCCESS AFTER THE OWNER'S DEPARTURE:

- Who are the key employees or "superstars" in your business?
- Have you ever thought about transitioning your business to this key person?
- Would this person have the ability to purchase the business from you? Would you even want them to purchase it or would you rather have the business just go to him/her?
- If you are not around, would you want or need this key person to help transition the business successfully to the next intended owner?
- Would you ever consider having the business become employee-owned?

SUCCESSOR UNKNOWN AT THIS TIME:

- Do you want to be able to take care of your family without being dependent on whether your business will succeed after you are gone?
- Have you considered whether your business is an asset you can sell to a third party? If so, what sort of value do you think you can get and who would be the buyer?
- Would you ever consider having the business become employee-owned?

**For more information please call the Advanced Markets Group
at 888-266-7498 option 3**

1. 2015 U.S. Trust Insights on Wealth and Worth Survey: Key Findings” available at www.ustrust.com/ust/pages/insights-on-wealth-and-worth-2015.aspx
2. Family Business Alliance. Retrieved May 2015: http://www.fbagr.org/index.php?option=com_content&view=article&id=117&Itemid=75
3. Ibid.
4. Transfer for value rules under IRC Section 101(a) must be considered in this type of arrangement in order for the death benefit to be received tax-free.

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Loans and withdrawals will reduce the death benefit, 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. 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.

Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are 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 registered representatives. Prospective purchasers should consult their professional tax advisor for details.

Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including the generation-skipping tax). Failure to do so could result in adverse tax treatment of trust proceeds.

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.

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