Supplemental Executive Retirement Plan (SERP)

Providing Important Benefits For Valuable Employees

Prepared For:
Business

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Supplemental Executive Retirement Plan (SERP)

The Supplemental Executive Retirement Plan (SERP) program is a planning tool designed to assist you in exploring potential planning options through the use of life insurance. However, this presentation is not intended to be a retirement/benefit plan nor is it a specific recommendation for a retirement/benefit or estate plan. This presentation is for illustrative purposes only. Before you make any business, estate, or retirement planning decisions, your legal and tax advisors 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. John Hancock and its agents, employees, and registered representatives do not give legal, tax, accounting or investment advice, and this presentation and any other oral or written communication should not be construed as such. As you explore your planning needs with your legal and tax advisors, we hope that you find this analysis useful.

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IRS approval is generally not needed to establish a non-qualified deferred compensation plan. Deferred compensation plans may be subject to the participation, funding and vesting requirements of ERISA (Employee Retirement Income Security Act of 1974). However, the Department of Labor recognizes that nonqualified deferred compensation can be financed with business owned life insurance and still be “unfunded” for ERISA purposes. If a SERP is a “top hat” plan (for select management or highly compensated employees) and is “unfunded,” it can avoid a majority of the ERISA requirements under Title I. Top Hat plans must file a notification statement with the Department of Labor. All deferred compensation plans should name a fiduciary with the authority to administer the plan and should consult legal advisors on applicable ERISA requirements.

In order to achieve deferral of income recognition, the employer contributions to a SERP should be subject to a substantial risk of forfeiture. One of the most common risks is that the employer may become insolvent. The projections in this illustration are not guarantees that the employee will receive certain amounts of a SERP benefit, but are hypothetical illustrations based on certain assumptions, including the employer’s solvency.

Figures used in this program illustrate various benefit/retirement planning concepts, which are based upon both assumptions and data provided by you, the client. Your furnishing of accurate data will help enhance the value of this analysis. However, all assumed growth rates for assets are based upon information provided and assumed by you and are not a guarantee of the future performance of the life insurance policy. Please review the assumptions page for accuracy of information.

This supplemental illustration assumes that the currently illustrated non-guaranteed elements will continue for all years shown. However, it is not likely that the non-guaranteed elements will perform exactly as shown in the illustration. In addition, the actual consequences of a particular planning alternative will depend on many variables, some of which may not be fully accounted for or described in this presentation. Unless otherwise indicated, the income tax implications of particular transactions are not reflected in the analysis. This program assumes that the life insurance policy meets the definition of life insurance per Internal Revenue Code Section 7702 (a) and is not taxed as a modified endowment contract. Depending on the performance of underlying investment options, the cash value available for loans and withdrawals may be worth more or less than the original amount invested. Withdrawals and loans from life insurance policies have the effect of reducing the death benefit and surrender value and may cause the policy to lapse. This program does not illustrate the estate, gift, and generation-skipping transfer (GST) tax implications of a SERP.

This material does not constitute tax, legal or accounting advice and neither John Hancock nor any of its agents, employees or registered representatives are in the business of offering such advice. It was not intended or written for use and cannot be used by any taxpayer for the purpose of avoiding any IRS penalty. It was written to support the marketing of the transactions or topics it addresses. Anyone interested in these transactions or topics should seek advice based on his or her particular circumstances from independent professional advisors.

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Variable universal life insurance has annual fees and expenses associated with it in addition to life insurance related charges (which differ with the product chosen), including surrender charges and investment management fees. Variable universal life insurance products are long-term contracts and are sold by prospectus. They are subject to market risk due to the underlying sub-accounts, and are unsuitable as a short term savings vehicle. The primary purpose of variable universal life insurance is to provide lifetime protection against economic loss due to the death of the insured person. Cash values are not guaranteed if the client is invested in the investment accounts. There are risks associated with each investment option, and the policy may lose value.

This material is authorized for distribution only when preceded or accompanied by the appropriate client guide, product and fund prospectuses. The prospectuses contain complete details on investment objectives, risks, fees, charges and expenses as well as other information about the investment company. Please read the prospectuses carefully containing this and other information on the product and the underlying portfolios and consider these factors carefully before investing. This material is not intended as investment advice. In addition to the prospectus, this material must be accompanied by the basic illustration and the client guide for the relevant product.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

THE PROBLEM

The contribution limits and tax benefits of qualified retirement plans, especially for highly paid executives, are considerably restricted. Therefore, executives may retire on a significantly smaller percentage of final salary than desired.

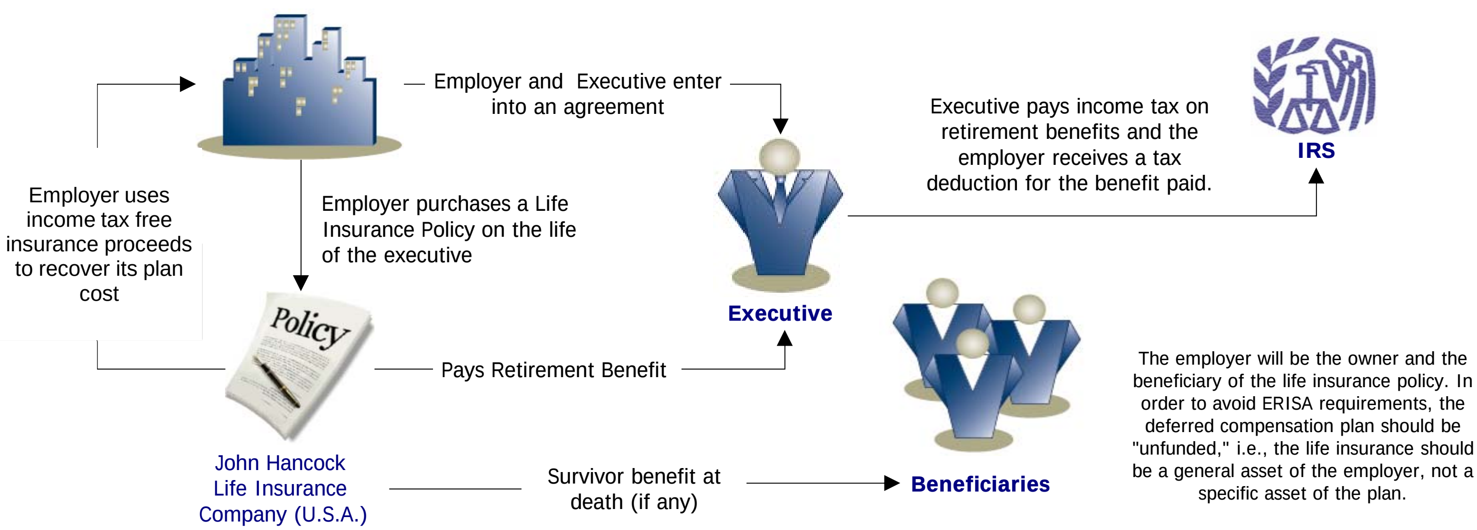
THE SOLUTION

Companies can offer non-qualified Supplemental Executive Retirement Plans (SERP) to supplement the retirement income provided by qualified plans. The SERP plan is typically provided to key executives or those who are highly compensated. Unlike a qualified plan, the company can discriminate as to who the participants in the plan will be and there are no limitations on the amount that can be contributed.

HOW IT WORKS

You and your employer enter into an agreement in which your employer agrees to contribute to a SERP plan according to a pre-determined formula. The contribution can be based on a specified retirement income amount based on your particular needs. The SERP plan may also include a pre-retirement survivor benefit for the family in the event of your death or disability. Although your employer promises to make the retirement payment, the plan cannot be formally funded like a qualified plan. Therefore, your employer's contributions are not currently tax deductible by the corporation. Consequently, the assets used to informally fund the SERP remain assets of the corporation and are subject to claims of corporate creditors. The payments are tax deductible to the corporation when made to you at retirement. Therefore, you are required to pay ordinary income tax on the payment when you receive it.

A SERP plan can be designed with considerable flexibility. Like qualified plans, a vesting schedule can be included in the plan in order to entice executives to remain with the company for a specified period of time. Also, pre-retirement disability or death benefit payments can be included as part of the plan, and plan payments can be paid out periodically or as a lump sum[1]. The corporation can also design the SERP to recover its costs associated with offering the plan.



1 The advantage of the lump sum payout is that there are no further benefit payments subject to corporate creditors. The disadvantage is that the entire lump sum payment is taxed immediately.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

THE BENEFITS

- A SERP plan is a way for your company to attract, retain and reward key employees.
- You do not need to contribute to the plan.
- You are not taxed on the benefit payments promised to you by your company until you receive the payments.
- There are no limits imposed on the contributions made to the plan.
- The SERP is flexible enough to include a pre-retirement disability or survivor benefit payments.
- When life insurance is used to informally fund the SERP, the death benefit is received income tax-free by the corporation, withdrawals from policy cash values can be taken on a tax-free basis up to cost basis, and loans can be taken from the policy without income tax consequences[2].
- The cash values of a life insurance policy grow tax-deferred[3].

CONSIDERATIONS

- Your benefit payments are subject to the claims of corporate creditors.
- ERISA rules may apply when specific assets are designated to formally fund the plan. Therefore, it is important that the assets used to fund the plan remain as general assets of the corporation. The corporation cannot deduct the contributions made to the plan and must delay a tax deduction until the payment is made to you.
- Section 409A of the Internal Revenue Code imposes extensive substantive requirements on arrangements that purport to accomplish a deferral of income or the taxation of income. By its own provisions, failure to satisfy these requirements will result in the loss of deferral and current taxation of the income, as well as additional tax and interest due.
- Section 101(j) of the Internal Revenue Code imposes income tax on the death benefit of life insurance contracts owned by the employer of the life insured unless certain exceptions apply. All such exceptions include satisfaction of notice and consent requirements set forth in section 101(j).
- When life insurance is used to informally fund the SERP, your company must have an insurable interest in you as defined by state law.

PLANNING OPTIONS

The following flowchart and ledger pages illustrate the plan mechanics, and the costs and benefits of a supplemental retirement executive plan:

2 Withdrawals and loans from a life insurance policy that is classified as a modified endowment contract (MEC) may be subject to tax at the time the loan or withdrawal is made. A federal tax penalty of 10% also applies to withdrawals or loans made from a MEC. Loans and withdrawals have the effect of reducing the cash value and the death benefit of a life insurance policy and may cause the policy to lapse. Lapse of a life insurance policy may cause a taxable event.

3 Unlike most other assets, your employer will not pay income taxes on the growth of the life insurance policy's cash values. When a pre-retirement death benefit is included in the plan and the life insurance is structured as an endorsement split dollar plan, the pre-retirement survivor benefit paid will not be subject to income taxes.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

Which Executives Need a Supplemental Executive Retirement Plan?

Qualified retirement plans often cannot provide adequate retirement income for highly compensated executives. A SERP plan may provide the extra retirement income. But which executives are most in need of a Supplemental Executive Retirement Plan?

➢ An Example: Three Executives, each 40 Years Old

Each plans to retire at 65
Each salary will increase 4.0% annually
Each makes the maximum allowable contributions to his/her 401(k) Plan
Each earns exactly the same return on his/her investments
Each requires 75.0% of his/her final salary for retirement
401(k) Balance Assuming 7.00% Gross, 6.00% Net, With Bi-Monthly Contributions Plus Any Previous Balance



EXECUTIVE A	EXECUTIVE B	EXECUTIVE C
Current Salary: $50,000	**Current Salary: $100,000**	**Current Salary: $200,000**
401(k) Balance @6.0%: $25,000	401(k) Balance @6.0%: $50,000	401(k) Balance @6.0%: $100,000
Final Pay $128,165	Final Pay $256,330	Final Pay $512,661
Estimated Retirement Income	**Estimated Retirement Income**	**Estimated Retirement Income**
401(K): $128,698	401(K): $137,523	401(K): $155,173
Social Security: 42,487	Social Security: 42,487	Social Security: 42,487
Total: $171,185	Total: $180,010	Total: $197,660
Income Needed: 96,124	Income Needed: 192,248	Income Needed: 384,496
Annual Excess: 75,061	Annual Excess: (12,238)	Annual Excess: (186,835)
Sufficient Retirement Income Expected	**Insufficient Retirement Income Expected**	**Insufficient Retirement Income Expected**

As demonstrated above, the higher compensated executive is more likely to have a retirement income shortfall. In the above example, Executives B and C would be excellent candidates for a Supplemental Executive Retirement Plan

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SERP Plan
Financial Summary

- Benefit Analysis
- Benefit Accounting
- Cash Flow Analysis
- Profit & Loss (P&L) Analysis
- Gain/Loss At Death Analysis

SERP BENEFIT ANALYSIS - DEFINED CONTRIBUTION APPROACH

Susan Smith, Age 45 - Retirement Age 65

Year	Age (EOY)					Retirement Benefit	Taxes (28.0%)	After Tax Benefit	
1	46					0	0	0	
2	47					0	0	0	
3	48					0	0	0	
4	49					0	0	0	
5	50					0	0	0	
6	51					0	0	0	
7	52					0	0	0	
8	53					0	0	0	
9	54					0	0	0	
10	55					0	0	0	
11	56					0	0	0	
12	57					0	0	0	
13	58					0	0	0	
14	59					0	0	0	
15	60					0	0	0	
16	61					0	0	0	
17	62					0	0	0	
18	63					0	0	0	
19	64					0	0	0	
20	65					0	0	0	
21	66					47,785	(13,380)	34,405	
22	67					47,785	(13,380)	34,405	
23	68					47,785	(13,380)	34,405	
24	69					47,785	(13,380)	34,405	
25	70					47,785	(13,380)	34,405	
26	71					47,785	(13,380)	34,405	
27	72					47,785	(13,380)	34,405	
28	73					47,785	(13,380)	34,405	
29	74					47,785	(13,380)	34,405	
30	75					47,785	(13,380)	34,405	
31	76					47,785	(13,380)	34,405	
32	77					47,785	(13,380)	34,405	
33	78					47,785	(13,380)	34,405	
34	79					47,785	(13,380)	34,405	
35	80					47,785	(13,380)	34,405	
Totals						**716,771**	**(200,696)**	**516,075**	

SERP - BENEFIT ACCOUNTING - FASB 87 AFTER TAX

Susan Smith, Age 45 - Retirement Age 65

Year	Age (EOY)	Retirement Benefit	Service Cost	Interest Cost (5.00%)	Accumulated Benefit Obligation	Projected Benefit Obligation	Increase In Accrued Liability	Total Tax Credit (21.0%)	Annual A/T Charge to Earnings
1	46	0	10,305	0	10,305	206,094	10,305	2,164	(8,141)
2	47	0	10,820	515	21,640	216,398	11,335	2,380	(8,955)
3	48	0	11,361	1,082	34,083	227,218	12,443	2,613	(9,830)
4	49	0	11,929	1,704	47,716	238,579	13,633	2,863	(10,770)
5	50	0	12,525	2,386	62,627	250,508	14,911	3,131	(11,780)
6	51	0	13,152	3,131	78,910	263,034	16,283	3,419	(12,864)
7	52	0	13,809	3,946	96,665	276,185	17,755	3,729	(14,026)
8	53	0	14,500	4,833	115,998	289,995	19,333	4,060	(15,273)
9	54	0	15,225	5,800	137,022	304,494	21,025	4,415	(16,609)
10	55	0	15,986	6,851	159,860	319,719	22,837	4,796	(18,041)
11	56	0	16,785	7,993	184,638	335,705	24,778	5,203	(19,575)
12	57	0	17,625	9,232	211,494	352,490	26,856	5,640	(21,217)
13	58	0	18,506	10,575	240,575	370,115	29,080	6,107	(22,974)
14	59	0	19,431	12,029	272,034	388,621	31,460	6,607	(24,853)
15	60	0	20,403	13,602	306,039	408,052	34,004	7,141	(26,863)
16	61	0	21,423	15,302	342,763	428,454	36,725	7,712	(29,012)
17	62	0	22,494	17,138	382,395	449,877	39,632	8,323	(31,309)
18	63	0	23,619	19,120	425,134	472,371	42,738	8,975	(33,763)
19	64	0	24,799	21,257	471,190	495,989	46,056	9,672	(36,384)
20	65	0	26,039	23,559	520,789	520,789	49,599	10,416	(39,183)
21	66	47,785	0	23,650	496,654	496,654	(24,135)	4,967	(18,684)
22	67	47,785	0	22,443	471,313	471,313	(25,341)	4,713	(17,730)
23	68	47,785	0	21,176	444,705	444,705	(26,608)	4,447	(16,729)
24	69	47,785	0	19,846	416,766	416,766	(27,939)	4,168	(15,678)
25	70	47,785	0	18,449	387,430	387,430	(29,336)	3,874	(14,575)
26	71	47,785	0	16,982	356,628	356,628	(30,802)	3,566	(13,416)
27	72	47,785	0	15,442	324,285	324,285	(32,343)	3,243	(12,199)
28	73	47,785	0	13,825	290,325	290,325	(33,960)	2,903	(10,922)
29	74	47,785	0	12,127	254,668	254,668	(35,658)	2,547	(9,580)
30	75	47,785	0	10,344	217,227	217,227	(37,441)	2,172	(8,172)
31	76	47,785	0	8,472	177,914	177,914	(39,313)	1,779	(6,693)
32	77	47,785	0	6,506	136,636	136,636	(41,278)	1,366	(5,140)
33	78	47,785	0	4,443	93,294	93,294	(43,342)	933	(3,510)
34	79	47,785	0	2,275	47,785	47,785	(45,509)	478	(1,798)
35	80	47,785	0	0	0	0	(47,785)	0	(0)
Totals		**716,771**	**0**	**376,037**			**0**	**150,522**	**(566,249)**

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SERP - CASH FLOW ANALYSIS

Susan Smith, Age 45 - Retirement Age 65

Year	Age (EOY)	Insurance Premiums Paid	Retirement Benefit	Corporate Tax Savings (21.0%)	After-Tax Loans/ Withdrawals from Insurance Policy	Death Benefit Proceeds	Net Corporate Outlay
1	46	(15,963)	0	0	0	0	(15,963)
2	47	(15,963)	0	0	0	0	(15,963)
3	48	(15,963)	0	0	0	0	(15,963)
4	49	(15,963)	0	0	0	0	(15,963)
5	50	(15,963)	0	0	0	0	(15,963)
6	51	(15,963)	0	0	0	0	(15,963)
7	52	(15,963)	0	0	0	0	(15,963)
8	53	(15,963)	0	0	0	0	(15,963)
9	54	(15,963)	0	0	0	0	(15,963)
10	55	(15,963)	0	0	0	0	(15,963)
11	56	(15,963)	0	0	0	0	(15,963)
12	57	(15,963)	0	0	0	0	(15,963)
13	58	(15,963)	0	0	0	0	(15,963)
14	59	(15,963)	0	0	0	0	(15,963)
15	60	(15,963)	0	0	0	0	(15,963)
16	61	(15,963)	0	0	0	0	(15,963)
17	62	(15,963)	0	0	0	0	(15,963)
18	63	(15,963)	0	0	0	0	(15,963)
19	64	(15,963)	0	0	0	0	(15,963)
20	65	(15,963)	0	0	0	0	(15,963)
21	66	0	(47,785)	10,035	37,750	0	(0)
22	67	0	(47,785)	10,035	37,750	0	(0)
23	68	0	(47,785)	10,035	37,750	0	(0)
24	69	0	(47,785)	10,035	37,750	0	(0)
25	70	0	(47,785)	10,035	37,750	0	(0)
26	71	0	(47,785)	10,035	37,750	0	(0)
27	72	0	(47,785)	10,035	37,750	0	(0)
28	73	0	(47,785)	10,035	37,750	0	(0)
29	74	0	(47,785)	10,035	37,750	0	0
30	75	0	(47,785)	10,035	37,750	0	0
31	76	0	(47,785)	10,035	37,750	0	0
32	77	0	(47,785)	10,035	37,750	0	0
33	78	0	(47,785)	10,035	37,750	0	0
34	79	0	(47,785)	10,035	37,750	0	0
35	80	0	(47,785)	10,035	37,750	0	0
36	81	0	0	0	0	0	0
37	82	0	0	0	0	0	0
38	83	0	0	0	0	0	0
39	84	0	0	0	0	0	0
40	85	0	0	0	0	0	0
41	86	0	0	0	0	0	0
42	87	0	0	0	0	0	0
43	88	0	0	0	0	0	0
44	89	0	0	0	0	0	0
45	90	0	0	0	0	319,264	319,264
Totals		**(319,260)**	**(716,771)**	**150,522**	**566,249**		**4**

Present Value Cost of Net Corporate Outlay (5.00%) = $171,571.36

SERP - PROFIT & LOSS (P&L) ANALYSIS

Susan Smith, Age 45 - Retirement Age 65

			SERP ACCOUNTING			LIFE INSURANCE				EARNINGS IMPACT	
Yr.	**Age EOY**	**A/T Retirement Benefit**	Annual Accrual	Total Tax Credit (21.0%)	Annual A/T Charge to Earnings	Net After-Tax Insurance Outlay	Annual Increase In Cash Value	Death Benefit Proceeds	Net Ins. Gain/ (Expense)	Net Accrual & Ins. Gain / (Expense)	Cumulative Gain / (Expense)
1	46	0	10,305	2,164	(8,141)	(15,963)	11,721	0	(4,242)	(12,383)	(12,383)
2	47	0	11,335	2,380	(8,955)	(15,963)	13,125	0	(2,838)	(11,793)	(24,176)
3	48	0	12,443	2,613	(9,830)	(15,963)	12,696	0	(3,268)	(13,097)	(37,273)
4	49	0	13,633	2,863	(10,770)	(15,963)	13,568	0	(2,395)	(13,165)	(50,438)
5	50	0	14,911	3,131	(11,780)	(15,963)	15,106	0	(857)	(12,637)	(63,075)
6	51	0	16,283	3,419	(12,864)	(15,963)	15,871	0	(92)	(12,955)	(76,030)
7	52	0	17,755	3,729	(14,026)	(15,963)	19,685	0	3,722	(10,305)	(86,335)
8	53	0	19,333	4,060	(15,273)	(15,963)	20,698	0	4,735	(10,538)	(96,873)
9	54	0	21,025	4,415	(16,609)	(15,963)	22,243	0	6,280	(10,329)	(107,202)
10	55	0	22,837	4,796	(18,041)	(15,963)	26,088	0	10,125	(7,916)	(115,118)
11	56	0	24,778	5,203	(19,575)	(15,963)	24,608	0	8,645	(10,930)	(126,048)
12	57	0	26,856	5,640	(21,217)	(15,963)	25,903	0	9,940	(11,276)	(137,324)
13	58	0	29,080	6,107	(22,974)	(15,963)	27,265	0	11,302	(11,671)	(148,996)
14	59	0	31,460	6,607	(24,853)	(15,963)	28,644	0	12,681	(12,172)	(161,168)
15	60	0	34,004	7,141	(26,863)	(15,963)	30,138	0	14,175	(12,688)	(173,856)
16	61	0	36,725	7,712	(29,012)	(15,963)	31,629	0	15,666	(13,347)	(187,203)
17	62	0	39,632	8,323	(31,309)	(15,963)	33,276	0	17,313	(13,996)	(201,199)
18	63	0	42,738	8,975	(33,763)	(15,963)	35,010	0	19,047	(14,716)	(215,915)
19	64	0	46,056	9,672	(36,384)	(15,963)	36,816	0	20,853	(15,532)	(231,447)
20	65	0	49,599	10,416	(39,183)	(15,963)	38,807	0	22,844	(16,339)	(247,786)
21	66	(37,750)	23,650	4,967	(18,684)	37,750	(14,053)	0	23,697	5,013	(242,773)
22	67	(37,750)	22,443	4,713	(17,730)	37,750	(14,920)	0	22,830	5,100	(237,673)
23	68	(37,750)	21,176	4,447	(16,729)	37,750	(15,843)	0	21,907	5,177	(232,496)
24	69	(37,750)	19,846	4,168	(15,678)	37,750	(16,821)	0	20,929	5,251	(227,245)
25	70	(37,750)	18,449	3,874	(14,575)	37,750	(17,859)	0	19,891	5,317	(221,929)
26	71	(37,750)	16,982	3,566	(13,416)	37,750	(18,963)	0	18,787	5,371	(216,558)
27	72	(37,750)	15,442	3,243	(12,199)	37,750	(20,148)	0	17,602	5,403	(211,155)
28	73	(37,750)	13,825	2,903	(10,922)	37,750	(21,421)	0	16,329	5,407	(205,748)
29	74	(37,750)	12,127	2,547	(9,580)	37,750	(22,790)	0	14,960	5,379	(200,369)
30	75	(37,750)	10,344	2,172	(8,172)	37,750	(24,261)	0	13,489	5,317	(195,052)
31	76	(37,750)	8,472	1,779	(6,693)	37,750	(25,928)	0	11,822	5,129	(189,922)
32	77	(37,750)	6,506	1,366	(5,140)	37,750	(27,635)	0	10,115	4,975	(184,947)
33	78	(37,750)	4,443	933	(3,510)	37,750	(29,472)	0	8,278	4,768	(180,179)
34	79	(37,750)	2,275	478	(1,798)	37,750	(31,449)	0	6,301	4,504	(175,675)
35	80	(37,750)	0	0	(0)	37,750	(33,576)	0	4,174	4,174	(171,501)
36	81	0	0	0	(0)	0	3,029	0	3,029	3,029	(168,472)
37	82	0	0	0	(0)	0	2,790	0	2,790	2,790	(165,683)
38	83	0	0	0	(0)	0	2,522	0	2,522	2,522	(163,161)
39	84	0	0	0	(0)	0	2,221	0	2,221	2,221	(160,940)
40	85	0	0	0	(0)	0	1,889	0	1,889	1,889	(159,051)
41	86	0	0	0	(0)	0	1,523	0	1,523	1,523	(157,528)
42	87	0	0	0	(0)	0	1,125	0	1,125	1,125	(156,403)
43	88	0	0	0	(0)	0	689	0	689	689	(155,715)
44	89	0	0	0	(0)	0	197	0	197	197	(155,518)
45	90	0	0	0	(0)	0	(163,742)	319,264	155,522	155,522	4
Totals		**(566,249)**			**(566,249)**	**246,989**			**566,253**	**4**	

John Hancock INSURANCE

SERP - GAIN/LOSS AT DEATH ANALYSIS

Susan Smith, Age 45 - Retirement Age 65

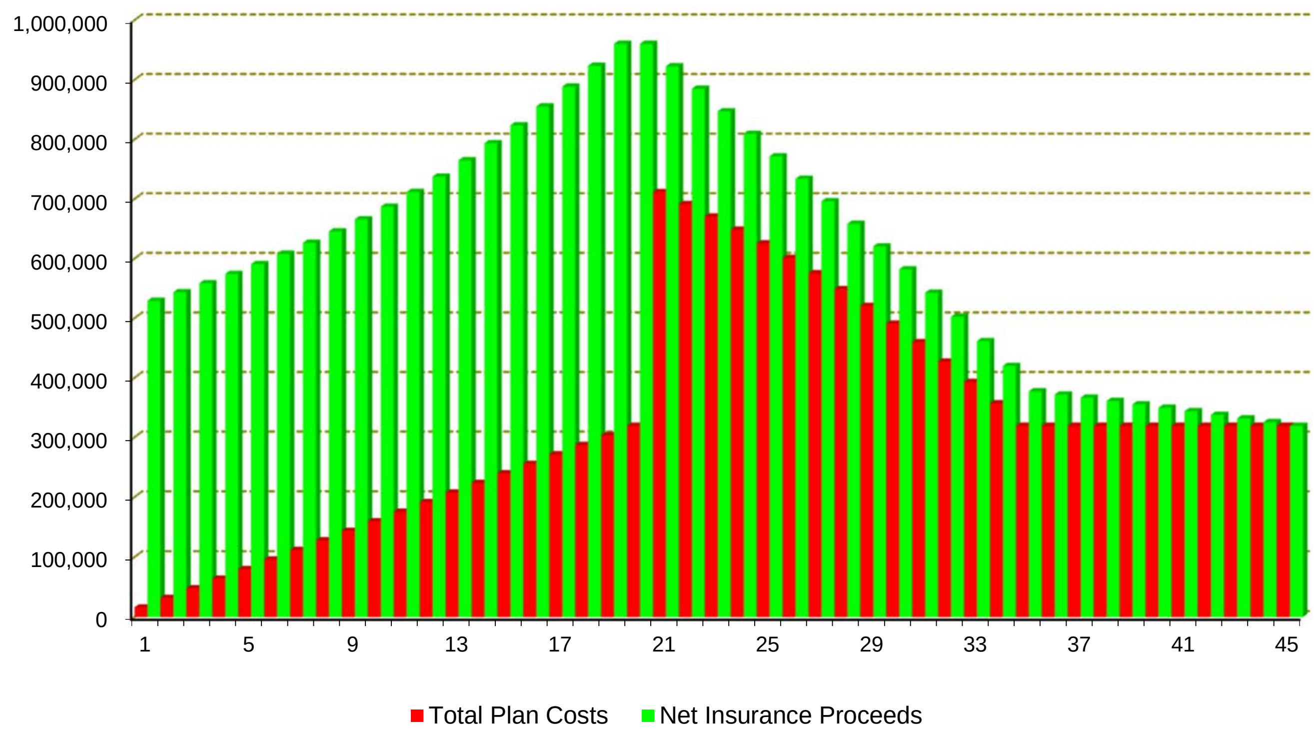
		CORPORATE COST		CUMULATIVE BENEFIT DISTRIBUTION					GAIN/LOSS	
Yr.	Age EOY	Cumulative Insurance Outlay	Time Value of Money on Premiums Paid	After Tax Benefits Paid	Benefits Paid Via Policy Distributions	Time Value of Money on Benefits Paid (0.0%)*	Present Value of A/T Survivor Benefits	Total Plan Costs	Net Insurance Proceeds	Gain/(Loss) At Death
1	46	15,963	0	0	0	0	0	15,963	529,271	513,308
2	47	31,926	0	0	0	0	0	31,926	543,547	511,621
3	48	47,889	0	0	0	0	0	47,889	558,541	510,652
4	49	63,852	0	0	0	0	0	63,852	574,293	510,441
5	50	79,815	0	0	0	0	0	79,815	590,845	511,030
6	51	95,778	0	0	0	0	0	95,778	608,241	512,463
7	52	111,741	0	0	0	0	0	111,741	626,525	514,784
8	53	127,704	0	0	0	0	0	127,704	645,739	518,035
9	54	143,667	0	0	0	0	0	143,667	665,932	522,265
10	55	159,630	0	0	0	0	0	159,630	687,149	527,519
11	56	175,593	0	0	0	0	0	175,593	711,757	536,164
12	57	191,556	0	0	0	0	0	191,556	737,660	546,104
13	58	207,519	0	0	0	0	0	207,519	764,925	557,406
14	59	223,482	0	0	0	0	0	223,482	793,569	570,087
15	60	239,445	0	0	0	0	0	239,445	823,707	584,262
16	61	255,408	0	0	0	0	0	255,408	855,336	599,928
17	62	271,371	0	0	0	0	0	271,371	888,612	617,241
18	63	287,334	0	0	0	0	0	287,334	923,622	636,288
19	64	303,297	0	0	0	0	0	303,297	960,438	657,141
20	65	319,260	0	0	0	0	0	319,260	960,438	641,178
21	66	319,260	0	37,750	(37,750)	0	392,357	711,617	922,688	211,071
22	67	319,260	0	37,750	(37,750)	0	372,337	691,597	884,938	193,341
23	68	319,260	0	37,750	(37,750)	0	351,317	670,577	847,188	176,611
24	69	319,260	0	37,750	(37,750)	0	329,245	648,505	809,438	160,933
25	70	319,260	0	37,750	(37,750)	0	306,070	625,330	771,688	146,358
26	71	319,260	0	37,750	(37,750)	0	281,736	600,996	733,938	132,942
27	72	319,260	0	37,750	(37,750)	0	256,185	575,445	696,188	120,743
28	73	319,260	0	37,750	(37,750)	0	229,357	548,617	658,438	109,821
29	74	319,260	0	37,750	(37,750)	(0)	201,187	520,447	620,554	100,107
30	75	319,260	0	37,750	(37,750)	(0)	171,609	490,869	581,974	91,105
31	76	319,260	0	37,750	(37,750)	(0)	140,552	459,812	542,622	82,810
32	77	319,260	0	37,750	(37,750)	(0)	107,943	427,203	502,484	75,281
33	78	319,260	0	37,750	(37,750)	(0)	73,702	392,962	461,542	68,580
34	79	319,260	0	37,750	(37,750)	(0)	37,750	357,010	419,782	62,772
35	80	319,260	0	37,750	(37,750)	(0)	0	319,260	377,186	57,926
36	81	319,260	0	0	0	(0)	0	319,260	371,896	52,636
37	82	319,260	0	0	0	(0)	0	319,260	366,501	47,241
38	83	319,260	0	0	0	(0)	0	319,260	360,997	41,737
39	84	319,260	0	0	0	(0)	0	319,260	355,383	36,124
40	85	319,260	0	0	0	(0)	0	319,260	349,658	30,398
41	86	319,260	0	0	0	(0)	0	319,260	343,817	24,557
42	87	319,260	0	0	0	(0)	0	319,260	337,860	18,600
43	88	319,260	0	0	0	(0)	0	319,260	331,784	12,524
44	89	319,260	0	0	0	(0)	0	319,260	325,586	6,326
45	90	319,260	0	0	0	(0)	0	319,260	319,264	4

* Time Value of Money on Benefit Paid applies the difference between After-Tax Benefits Paid and the Benefits Paid via Policy Distributions

Corporate Perspective

SERP - GAIN/LOSS AT DEATH ANALYSIS

Susan Smith, Age 45 - Retirement Age 65



Assumptions

Name:	Susan Smith
Sex/Age:	Female, Age 45
Risk Class:	Preferred NonSmoker
Salary:	$120,000 (3.00% Growth)
Incentive Compensation.:	$0 (0.00% Growth)
Retirement Age:	65
SERP Retirement Benefit:	$47,784.73
Benefit Years:	15 years
Insurance Product:	Accumulation VUL 14 V
Annual Premium:	15,963
Initial Death Benefit:	529,271
Benefits Paid By Insurance:	Yes

SERP Plan
Composite Financial Summary

- Benefit Analysis
- Benefit Accounting
- Cash Flow Analysis
- Profit & Loss (P&L) Analysis
- Gain/Loss At Death Analysis

ASSUMPTIONS

	Value	Explanation
PLAN INFORMATION		
Company Name	Business	
State of Incorporation	Massachusetts	
Is Company a NonProfit Organization	No	
Company's Tax Bracket	21.00%	
COST RECOVERY OPTIONS		
Death / Recovery Age	90	
Assume Deferred Tax Credit	Yes	
Recovery Option:	Full Costs	
Cost of Money:	0.00%	
Accounting Method:	FASB 87 After Tax	
Net Present Value Rate	5.00%	
PRESENTER INFORMATION		
Presenter's Name	Advanced Markets	
Agency Name	John Hancock	
Address	197 Clarendon St.	
City State, ZIP	Boston, MA 02116	
Telephone	888-266-7498, Option #3	
Fax	0	
E-Mail Address	AdvancedMarkets@Jhancock.com	

CENSUS

PARTICIPANT INFORMATION

Participant	1				
Mode	Active				
Name	Susan Smith				
Age	45				
Sex	Female				
Risk Class	Preferred NonSmoker				
Salary	$120,000 (3.00% Growth)				
Incentive Comp	$0 (0.00% Growth)				
Retirement Age	A65				
State	Massachusetts				
Income Tax	28.00%				

PRE-RETIREMENT BENEFITS

Show Benefits:	No				
Re-Retiment Benefit Type:					
Benefit Amount Type:					
Benefit Amount					
Rates to Use:					

POST-RETIREMENT BENEFITS

Retiment Benefit Mthod:	Defined Benefit				
Benefit Type:	Specified Benefit				
Benefit Years:	15				
Description	Specified Amount of $47,784.73				
Investment Rate:					

LIFE INSURANCE

Policy Name	Accumulation VUL 14 V				
Type	Single Life				
Initial Death Benefit	$529,271				
Annualized Premium	$15,963				
Premium Years	20				
Withdrawals/Loans	$37,750				
Start Year	21				
No. Of Payments	15.00				
Policy Rate	6.17% Gross				
1035 Exchange Amount	$0.00				

GLOSSARY OF TERMS

General Terms

Accounting Method – In general, if an employer commits to paying a post-retirement benefit, then that employer must reflect the future benefit as a liability for accounting purposes. This illustration system offers the choice of two potential accounting methods: Statement of Financial Accounting Standards 87 (FAS87) and Accounting Principles Board statement 12 (APB12). Both methods ensure that the present value of the future benefit is fully accrued by the time of retirement; however, the shape of the accrual pattern between the two is different.

Cost of Money Rate - The cost of money rate to be used in cash flow calculations. The accumulated after-tax cost of benefits is a key element in cost recovery, so this entry will have a material effect on accounting gain/loss and on solves involving cost recovery. A higher rate will increase the accumulated cost of benefits and increase the amount of insurance needed for cost recovery. Conversely, a lower rate will decrease the accumulated cost of benefits and decrease the insurance need. An entry of zero is common. When used, it is frequently pegged to an after-tax cost of borrowing. This rate is related to the Present Value Discount rate, but need not be identical.

Benefits Accounting Page

Service Cost – The Service Cost recognized in a period is the actuarial present value of benefits attributed by the pension benefit formula to employee service during that period. In other words, it is the amount of money that would have to be put away each year to have enough money, after earning interest, to pay all the benefits to the employee.

Interest Cost – The Interest Cost component in a period is the increase in the projected benefit obligation due to the passage of time. Measuring the projected benefit obligation as a present value requires accrual of an interest cost at rates equal to the assumed discount rate. In other words, the interest cost represents how much must be earned on the Service Cost to have enough money to pay all the benefits to the employee.

Equation: Net Present Value Rate multiplied by the beginning of the year plan obligation.

Accumulated Benefit Obligation – The Accumulated Benefit Obligation (ABO) is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels. The accumulated benefit obligation provides information about the obligation the employer would have if the plan were discontinued.

Equation: Prior Year ABO + Service Cost plus Interest Cost less Retirement Benefit Paid

Projected Benefit Obligation - The projected benefit obligation as of a date is the actuarial present value of all benefits attributed by the plan's benefit formula to employee service rendered prior to that date. The projected benefit obligation is measured using an assumption as to future compensation levels if the pension benefit formula is based on future compensation levels. Plans for which the pension benefit formula is based on future compensation are sometimes called pay-related, final-pay, final-average-pay, or career-average-pay plans. Plans for which the pension benefit formula is not based on future compensation levels are called non-pay-related or flat-benefit plans. The projected benefit obligation is a measure of benefits attributed to service to date assuming that the plan continues in effect and that estimated future events (including compensation increases, turnover, and mortality) occur.

GLOSSARY OF TERMS CONTINUED

Increase in Accrued Liability - The Increase in Accrued Liability measures the difference of the past years liability to the present years liability.

Equation: Service Cost plus Interest Cost less Retirement Benefit Paid

Total Tax Credit - Accrual of deferred compensation is generally non-deductible since a deduction is taken when compensation is actually paid out. However, it is sometimes argued that accruals may offset deferred income, therefore reducing the provision for deferred taxes, and thus creating a deferred tax (credit).

Equation: (Service Cost plus Interest Cost) * Corporate Tax Bracket

Annual A/T Charge to Earnings - The after-tax effects on earnings measures the liability that is carried on the employer's books to fund the plan.

Equation: Total Tax Credit less Service Cost less Interest Cost

Profit and Loss Analysis Page

Annual Accrual – The Annual Accrual is the total amount of the new accrued liability each year.

Equation: Service Cost plus Interest Cost

Net Insurance Outlay – The Net Insurance Outlay is the annual insurance premium paid less the after-tax value of any policy loan or withdrawal.

Annual Cash Value Increase -- The Annual Cash Value Increase is the amount that the Cash Value Increased from the previous year's value.

Net Insurance Gain/(Expense) – The Net Insurance Gain/(Expense) is equal to the Annual Cash Value Increase less the Net Insurance Outlay Plus the Death Benefit Proceeds.

Net Accrual & Ins. Gain/(Expense) – The Net Accrual & Insurance Gain/(Expense) is equal to the Annual A/T Charge to Earnings plus the Net Insurance Gain/(Expense).