REBA/Executive Bonus Plan

Providing Important Benefits For Valuable Employees

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Restricted Endorsement Bonus Arrangement

The Concern

In today's increasingly competitive environment, finding a cost-effective way to reward your key employees can be challenging. Qualified plans have preferential tax treatment, but they have strict administration requirements, and you must include all employees and reward everyone to the same degree, regardless of the benefit they bring to your company. Non-qualified Salary Deferral Plans and Supplemental Executive Retirement Plans (SERPs) allow you to reward key employees in a discriminatory fashion, and are easier to administer than qualified plans. However, they still require plan documents and ongoing administration, as well as being subject to Section 409A of the tax code. How can you reward your most productive employees in a way that is flexible, cost effective, and simple to administer?

The Solution

An Restricted Endorsement Bonus Arrangement (REBA) may be able to help. A REBA is appealing to your key employees, tax deductible to you as their employer, and simple to implement and administer. Additionally, the REBA can provide "Golden Handcuff' incentives for your employees to stay with your company.

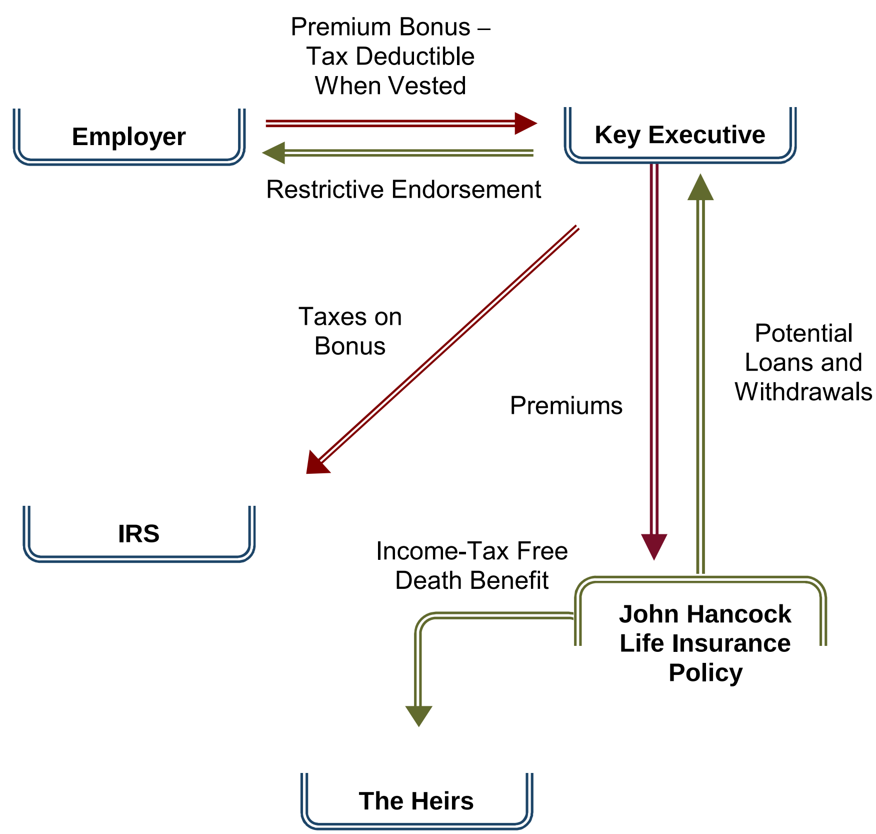
How Does It Work?

First, you will choose which employees will participate in the plan and how much of a bonus each employee will receive. Then, the executive will apply for life insurance on his or her life. You and the executive will execute a "restrictive endorsement" at the time the policy is purchased and file it with the life insurance company. The endorsement can impose a vesting schedule and restrict the employee's access to the policy cash value until a date agreed upon the in the endorsement, generally retirement or upon vesting. You may give each executive in the plan a different vesting schedule, if desired, or even have some executives not subject to a vesting schedule at all.

You will pay the premium for the life insurance policy on the executive in the form of a bonus. You will receive an immediate income-tax deduction for the vested portion of the bonus, while the executive pays the taxes on that amount.[1] Because of the restrictions placed on a REBA, it is common for employers to elect to increase the bonus to cover the executive's tax cost. Should the executive leave the company before he or she has fully vested, any unvested portion of the bonus is generally paid back to the employer. If it is sufficient, the policy cash value can be used for this purpose to reduce the executive's out of pocket costs.

Pre-retirement, the executive enjoys cost-effective death benefit protection for his or her family, as the only cost to the executive will be the tax on the bonus, or even no cost, if you elect to provide a double-bonus. At retirement, the endorsement is lifted and executive will be able to use the potential cash value in any way desired, including supplementing retirement income through policy loans and withdrawals.

How it Works



Restricted Endorsement Bonus Arrangement

Benefits

EMPLOYER

- A REBA is an attractive addition to your executive's total compensation package and entices key employees to stay with the company.
- You can impose a vesting schedule and require employees to pay back the unvested portion of the bonus if they leave the company before full vesting occurs.
- You can pick and choose who can be part of the plan and provide different bonus levels for different participants.
- The REBA is simple to administer and has minimal implementation costs.The primary expense of establishing a REBA is the cost of preparing the REBA agreement. Once established, only minimal annual reports or administration are needed for a REBA.
- The amount of the bonus is tax deductible to the company as it vests, regardless of corporate structure, providing a tax-deductible benefit to reward the non-owner employees of an S-Corporation, Partnerships and even a Sole Proprietorship.

EXECUTIVE

- Your key employees benefit from a low-cost life insurance policy for as long as they remain with the company. Because the employer pays the premium, the only cost to the executive is the income tax on the bonus. If a double bonus arrangement is used, there is no cost to the executive.
- The executives own their own policies and are able to take them with them should they leave.
- The potential cash value of the policy can be accessed to supplement retirement income or to cover other unexpected expenses.

Considerations

EMPLOYER

- It is not clear if a REBA would be considered a "plan" for ERISA purposes. Please see Disclosure page for more information.
- A REBA must comply with the provisions of Section 409A of the Internal Revenue Code. As a REBA is a non-elective deferral, and the employee pays taxes on the bonus as soon as it vests, complying with the provisions of 409A should not be difficult. Please consult your legal, tax, and accounting advisors to ensure compliance.

EXECUTIVE

- If you leave the company, you will be required to pay back the unvested portion of the bonus. Additionally, you will have to pay any remaining premiums on the policy to keep it in force.
- Life insurance policies have charges associated with them such as the cost of insurance and potential surrender charges. Please consult the attached basic illustration for more information.
- Withdrawals and loans have the effect of reducing the death benefit and cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause the loss of the death benefit and potential adverse income tax consequences. A decline in the hypothetical rate of return and/or current interest crediting rate can result in a decline in the cash value available for loans and withdrawals.
- If the policy is classified as a MEC, the withdrawals and loans may be subject to tax at the time the withdrawal or loan is made. An additional federal tax may also apply if the withdrawal or loan is taken from a MEC prior to age 59 ½.

Benefit Summary and Flowchart - Life Insurance

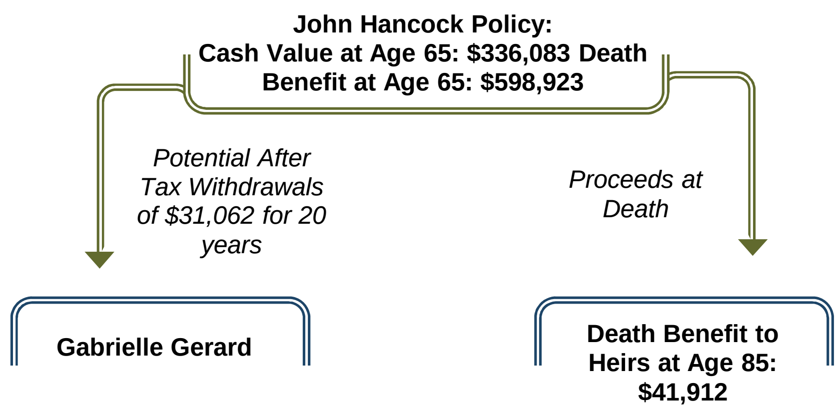
Policy Details

Product:	Accumulation IUL 18	Initial Premium:	$10,000
Insured(s):	Gabrielle Gerard	Initial Death Benefit:	$292,546
	Female Age 45, Preferred NonSmoker,35.0% tax bracket		

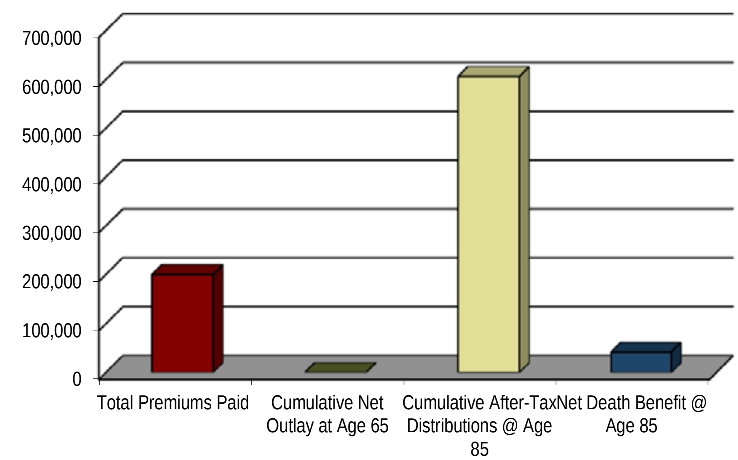
Summary Of Values

Life Insurance Values	
Initial Death Benefit	$292,546
Annual Premium	$10,000
Number of Years	20
Bonus Plan Summary	
Cumulative Bonuses at Age 65	$307,692
Cumulative Premiums at Age 65	$200,000
Cumulative Taxes at Age 65	$107,692
Cumulative Net Outlay at Age 65	$0
At Retirement Age 65	
Planned Gross Annual Distributions	$31,062
Planned Annual After-Tax Distributions	$31,062
Cash Surrender Value at Age 65	$336,083
Net Death Benefit at Age 65	$598,923
At Age 85	
Cumulative Gross Annual Distributions	$605,709
Cumulative Annual After-Tax Distributions	$605,709
Cash Surrender Value at Age 85	$16,999
Net Death Benefit at Age 85	$41,912

How it Works At Retirement



Summary



Restricted Endorsement Bonus Arrangement for Gabrielle Gerard

		BONUS							CORPORATION		EXECUTIVE						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Year	Attained Age	Bonus for Premium	Cumulative Premium Bonus	Bonus For Taxes	Total Bonus 1+3	Vesting Schedule	Annual Vested Amount 2x5-(PY2-PY7)	Cumulative Unvested Amount PY7+1-6	Tax Savings On Bonus @35.0% (3+6)x35.0%	Net Outlay 4-8	Taxes Due (4+6)x35.0%	After-Tax Bonus 4-10	Annual Premium	Net Outlay 11-12-14	Withdrawals and Loans	Cash Surrender Value	Death Benefit
1	46	10,000	10,000	538	10,538	10.0%	1,000	9,000	538	10,000	538	10,000	10,000	0	0	1,525	300,834
2	47	10,000	20,000	1,615	11,615	20.0%	3,000	16,000	1,615	10,000	1,615	10,000	10,000	0	0	10,470	309,641
3	48	10,000	30,000	2,692	12,692	30.0%	5,000	21,000	2,692	10,000	2,692	10,000	10,000	0	0	19,919	318,952
4	49	10,000	40,000	3,769	13,769	40.0%	7,000	24,000	3,769	10,000	3,769	10,000	10,000	0	0	31,300	328,996
5	50	10,000	50,000	4,846	14,846	50.0%	9,000	25,000	4,846	10,000	4,846	10,000	10,000	0	0	42,465	339,661
6	51	10,000	60,000	5,923	15,923	60.0%	11,000	24,000	5,923	10,000	5,923	10,000	10,000	0	0	54,288	351,007
7	52	10,000	70,000	7,000	17,000	70.0%	13,000	21,000	7,000	10,000	7,000	10,000	10,000	0	0	66,861	363,098
8	53	10,000	80,000	8,077	18,077	80.0%	15,000	16,000	8,077	10,000	8,077	10,000	10,000	0	0	80,182	376,000
9	54	10,000	90,000	9,154	19,154	90.0%	17,000	9,000	9,154	10,000	9,154	10,000	10,000	0	0	94,764	389,790
10	55	10,000	100,000	10,231	20,231	100.0%	19,000	0	10,231	10,000	10,231	10,000	10,000	0	0	109,966	404,545
11	56	10,000	110,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	126,616	420,781
12	57	10,000	120,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	144,263	438,077
13	58	10,000	130,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	163,093	456,500
14	59	10,000	140,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	183,127	476,121
15	60	10,000	150,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	204,437	497,017
16	61	10,000	160,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	227,608	520,154
17	62	10,000	170,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	252,242	544,788
18	63	10,000	180,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	278,466	571,012
19	64	10,000	190,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	306,377	598,923
20	65	10,000	200,000	5,385	15,385	100.0%	10,000	0	5,385	10,000	5,385	10,000	10,000	0	0	336,083	598,923
21	66	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	327,574	389,813
22	67	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	318,557	375,897
23	68	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	308,998	361,527
24	69	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	298,860	346,678
25	70	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	288,106	331,322
26	71	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	276,693	312,663
27	72	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	264,526	295,944
28	73	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	251,602	279,017
29	74	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	237,876	260,523
30	75	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	223,307	240,423

* PY = Prior Year

Restricted Endorsement Bonus Arrangement for Gabrielle Gerard

		BONUS							CORPORATION		EXECUTIVE						
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Year	Attained Age	Bonus for Premium	Cumulative Premium Bonus	Bonus For Taxes	Total Bonus 1+3	Vesting Schedule	Annual Vested Amount 2x5-(PY2-PY7)	Cumulative Unvested Amount PY7+1-6	Tax Savings On Bonus @35.0% (3+6)x35.0%	Net Outlay 4-8	Taxes Due (4+6)x35.0%	After-Tax Bonus 4-10	Annual Premium	Net Outlay 11-12-14	Withdrawals and Loans	Cash Surrender Value	Death Benefit
31	76	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	207,847	225,896
32	77	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	191,358	210,326
33	78	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	173,766	193,638
34	79	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	154,994	175,751
35	80	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	134,957	156,577
36	81	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	113,589	136,048
37	82	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	90,766	114,033
38	83	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	66,381	90,422
39	84	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(31,062)	31,062	40,321	65,097
40	85	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	(15,531)	15,531	16,999	41,912
41	86	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	17,824	43,319
42	87	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	18,686	44,778
43	88	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	19,588	46,291
44	89	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	20,530	47,859
45	90	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	21,515	49,485
46	91	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	22,546	45,447
47	92	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	23,623	41,202
48	93	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	24,749	36,744
49	94	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	25,926	32,065
50	95	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	27,157	27,157
51	96	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	28,444	28,444
52	97	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	29,789	29,789
53	98	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	31,196	31,196
54	99	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	32,666	32,666
55	100	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	34,204	34,204
56	101	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	35,811	35,811
57	102	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	37,492	37,492
58	103	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	39,249	39,249
59	104	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	41,086	41,086
60	105	0	200,000	0	0	100.0%	0	0	0	0	0	0	0	0	0	43,006	43,006

* PY = Prior Year

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the issuer. Benefits and values may not be guaranteed; the assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information. This illustration is not intended to be accounting, legal, or tax advice. Clients should consult their accounting, legal, and tax advisors about their particular circumstances before implementing any recommendations. Insurance policies and/or associated riders and features may not be available in all states.

Explanation of Vesting Options

Immediate Vesting

In a REBA plan with Immediate Vesting, the bonuses for the premiums are not subject to a vesting schedule and do not need to be repaid in the event the employee leaves the company. The bonuses are immediately taxable to the employee and immediately tax deductible to the employer. As with all the vesting options presented here, depending on the terms of the REBA the employee may still be restricted from accessing the policy cash value until a specified time even if the bonuses are fully vested.

Vesting Per Year

In a REBA plan with Vesting at Per Year, a set percentage of the total bonuses paid vests each year. Should the employee leave the company, the unvested portion of the bonus would need to be repaid. The following example shows how this would work for vesting at 5% per year.

Year	Bonus	Cumulative Bonus	Vesting Shedule	Vested Bonus	Unvested Bonus
1	10,000	10,000	5%	500	9,500
2	10,000	20,000	10%	2,000	18,000
3	10,000	30,000	15%	4,500	25,500
4	10,000	40,000	20%	8,000	32,000

Vesting Shedule

In a REBA plan with a Vesting Schedule, a specified percentage of the total bonuses paid vests each year. The percentage vested can vary annually, but must always be greater than or equal to the total vested amount in the prior year. Should the employee leave the company, the unvested portion of the bonus would need to be repaid. The following example shows how this would work for vesting schedule.

Year	Bonus	Cumulative Bonus	Vesting Shedule	Vested Bonus	Unvested Bonus
1	10,000	10,000	10.0%	1,000	9,000
2	10,000	20,000	15.0%	3,000	17,000
3	10,000	30,000	30.0%	9,000	21,000
4	10,000	40,000	60.0%	24,000	16,000

Vesting at Retirement

In a REBA plan with Vesting at Retirement, the bonuses for the premiums vest fully at retirement and if the employee leaves before then, the bonuses must be repaid. The employer can apply vesting at retirement to the full amount of the bonus or to a set percentage of the bonus.

One-Year Rolling Vesting

In a REBA plan with One-Year Rolling Vesting, each bonus vests one year after it is granted. Should the employee leave the company, only one year's bonus would need to be repaid to the employer.

Five-Year Rolling Vesting

In a REBA plan with Five-Year Rolling Vesting, each bonus vests at 20% per year, and a different portion of each bonus will be vested at any given point in time. Should the employee leave the company, the unvested portion of each bonus would need to be repaid. The following example shows how this would work for a premium of $10,000.

Year Bonus Paid	Bonus	Vested Portion of Bonus Amount In Year 1	2	3	4	5
1	10,000	0	2,000	2000	2000	2000
2	10,000		0	2000	2000	2000
3	10,000			0	2000	2000
4	10,000				0	2000
5	10,000					0
Annual Vested Amount:		0	2,000	4,000	6,000	8,000
Cum. Vested Amount:		0	2,000	6,000	12,000	20,000
Unvested Amount		10,000	18,000	24,000	28,000	30,000
Cum. Bonus:		10,000	20,000	30,000	40,000	50,000

Glossary

The following terms and phrases may be helpful to you as you consider this presentation.

Annual Vested Amount – This amount represents the portion of the bonus which vests in any given year. The Annual Vested Amount is taxable to the employee and tax-deductible to the employer in the year it vests.

Bonus for Premium – This amount represents the portion of the total bonus which will be used to pay the annual policy premium.

Bonus for Taxes – This amount represents an additional bonus to help the employee pay the taxes due on the premium bonus. This is sometimes called a "double bonus" or a "grossed-up bonus."

Cumulative Unvested Amount – This amount represents the cumulative amount of bonus which would need to be repaid should the employee leave the company before the end of the vesting period.

Tax Savings on Bonus – This amount represents the estimated tax savings the employer could receive as a result of deducting the vested bonus from its annual income for that year. The amounts shown in this output are only estimates based on information provided by you, the client, and should not be used to determine actual tax liability. Consult your professional tax advisor for more information.

Withdrawal and Loans – This is the amount of annual withdrawals and loans assumed to be taken by the employee in any given year from the policy to supplement income. Typically, to avoid paying income taxes on distributions from a life insurance policy, withdrawals are taken from the policy up to its cost basis. Thereafter, policy loans, on which there are no taxes recognized, are taken.

Assumptions

COMPANY INFORMATION		
Company Name	Successful Business	
Company Tax Bracket	35.00%	
Focus Year	10	Year to highlight corporate

PRESENTER INFORMATION			
Presenter's Name	Advanced Markets	City, State ZIP	Boston, MA 02116
Agency Name	John Hancock	Telephone/Fax	888-266-7498, Option #3 /
Address	197 Clarendon St.	E-Mail Address	AdvancedMarkets@Jhancock.com

PARTICIPANT INFORMATION

Participant	Age	Sex	Risk Class	Retirement Age	Salary	Salary Growth	Tax Bracket	Plan Objective	Amounts/ Duration	Double Bonus
Gabrielle Gerard	45	Female	Preferred NonTobacco	65	$150,000	0.00%	35.0%	Specify A Premium Amount	$10,000/yr paid to retirement	Yes

PARTICIPANT INFORMATION

Participant	Vesting Information	Years for Policy Distributions	Policy Name	State	Initial Death Benefit	Policy Premium	Premium Years	Crediting Rate Breakdown
Gabrielle Gerard	Vesting Per Year @10.00% per yr	Specified Yrs: 21 to 40	Accumulation IUL 18	MI	$300,834	$10,000	20	See Basic Illustration

Disclosure

The Restrictive Endorsement Bonus Arrangement (REBA)/Executive Bonus Plans (EBP) program is a planning tool designed to assist you in exploring potential employee benefit and planning options through the use of life insurance and investment strategies. However, this presentation is not intended to be a retirement/benefit plan nor is it a specific recommendation for a retirement/benefit 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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Generally speaking, no governmental approval is needed to establish a REBA/EBP, although under some circumstances, a REBA/EBP can be considered a “plan” for ERISA (Employee Retirement Income Security Act of 1974) purposes. Whether a proposed REBA/EBP is subject to the provisions of ERISA and its reporting requirements must be determined on a case-by-case basis. If REBA/EBPs cover multiple employees, it is more likely that the REBA/EBPs taken together as a whole will be considered a “plan” for ERISA purposes. If a plan is deemed to exist for ERISA purposes, it may qualify for the limited reporting requirements of a “top hat” plan (i.e., a plan that covers only select management or “highly compensated” employees). Top hat plans must be in writing and set forth claims procedures and the identity of the plan fiduciary. In addition, a statement must be filed with the Department of Labor within 120 days of the adoption of a pension plan that meets the top hat requirements. No such filing is necessary for a welfare benefit plan that meets the top hat requirements. If the plan is a top hat plan, plan documents must be made available upon request. Furthermore, a top hat plan that is “funded” is subject to participation and funding requirements under ERISA. The proponent of a REBA/EBP (that may be considered a top hat plan for ERISA purposes) should consider naming a fiduciary with the authority to administer the plan and should consult their legal advisors on other applicable ERISA requirements.

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. This is not likely to occur and actual results may be more or less favorable than those shown. The actual consequences of a particular planning alternative will depend on many variables, some of which may not be accounted for or fully described in this presentation. Unless otherwise indicated, the income tax, estate tax, and generation-skipping transfer (GST) tax implications of other specific transactions are not reflected in the analysis. Before you make any investment, estate or tax planning decisions (or change title to any assets or change beneficiary designations), 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.

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Footnotes

1. The amount of the bonus that the employer is able to deduct is subject to reasonable compensation limits. A detailed discussion of this is beyond the scope of this document, clients should consult their tax advisors.

Long-Term Care Rider

What is a Long-Term Care Rider?

A Long-Term Care (LTC) Rider is a rider that can be added to your insurance policy to advance a portion of the death benefit to you in the event that you need help taking care of yourself due to physical or cognitive impairment.

You will be covered for skilled, intermediate, or custodial care in the setting of your choice: at home, in an assisted living facility, nursing home, adult day care center, or a hospice facility. Qualified Long-Term Care rider benefits are generally received on a tax-favored basis.

Why would I consider adding a Long-Term Care Rider to my policy?

You have already determined that you need a life insurance death benefit to protect your family. At the same time, you may also be concerned about long-term care expenses depleting your estate should you become unable to take care of yourself. A life insurance policy with a LTC Rider can protect both you and your family at the same time. It can protect your beneficiaries in the event of your untimely death, and if you become impaired it can provide funds to help pay for long-term care needs. Most importantly, a LTC Rider can offer you options, by providing you with a source of funds to pay for care in the setting of your choice.

How Does John Hancock's Long-Term Care Rider Work?

You begin by selecting the LTC benefit pool amount (Accelerated Benefit Amount), ranging from a minimum of 1% to a maximum of 100% of the initial face amount.. At the same time, you also choose the Long-Term Care rider's Maximum Monthly Benefit Amount. This is the amount that would potentially be available each month to cover long-term care costs if that need ever arose. The Maximum Monthly Benefit Amount is expressed as a percentage of your policy's Accelerated Benefit Amount; the options are either 1%, 2%, or 4%. The amount chosen will then be available monthly, to help pay the cost of long-term care for as long as you need it, up to the point that the policy's Accelerated Benefit Balance has been completely exhausted. The Long-Term Care rider offers you the ability to choose where you receive your care.

Important Considerations

The purpose of this communication is the solicitation of Long-Term Care rider coverage.

The Long Term Care (LTC) Rider accelerates the death benefit. The Maximum Monthly Benefit Amount (MMBA) is $50,000. The LTC rider is not considered long-term care insurance in some states. When the death benefit is accelerated for long-term care expenses, the death benefit is reduced dollar for dollar, and the cash value is reduced proportionally. The policy account value is also reduced proportionally. There are additional costs associated with this rider. The Rider is subject to underwriting and a medical exam may be required to determine eligibility.

This rider has exclusions and limitations, reductions of benefits, and terms under which it may be continued in force or discontinued. Please contact the licensed producer or John Hancock for more information, cost, and complete details on coverage.

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