John Hancock

Universal Life Portfolio

Seller's Guide

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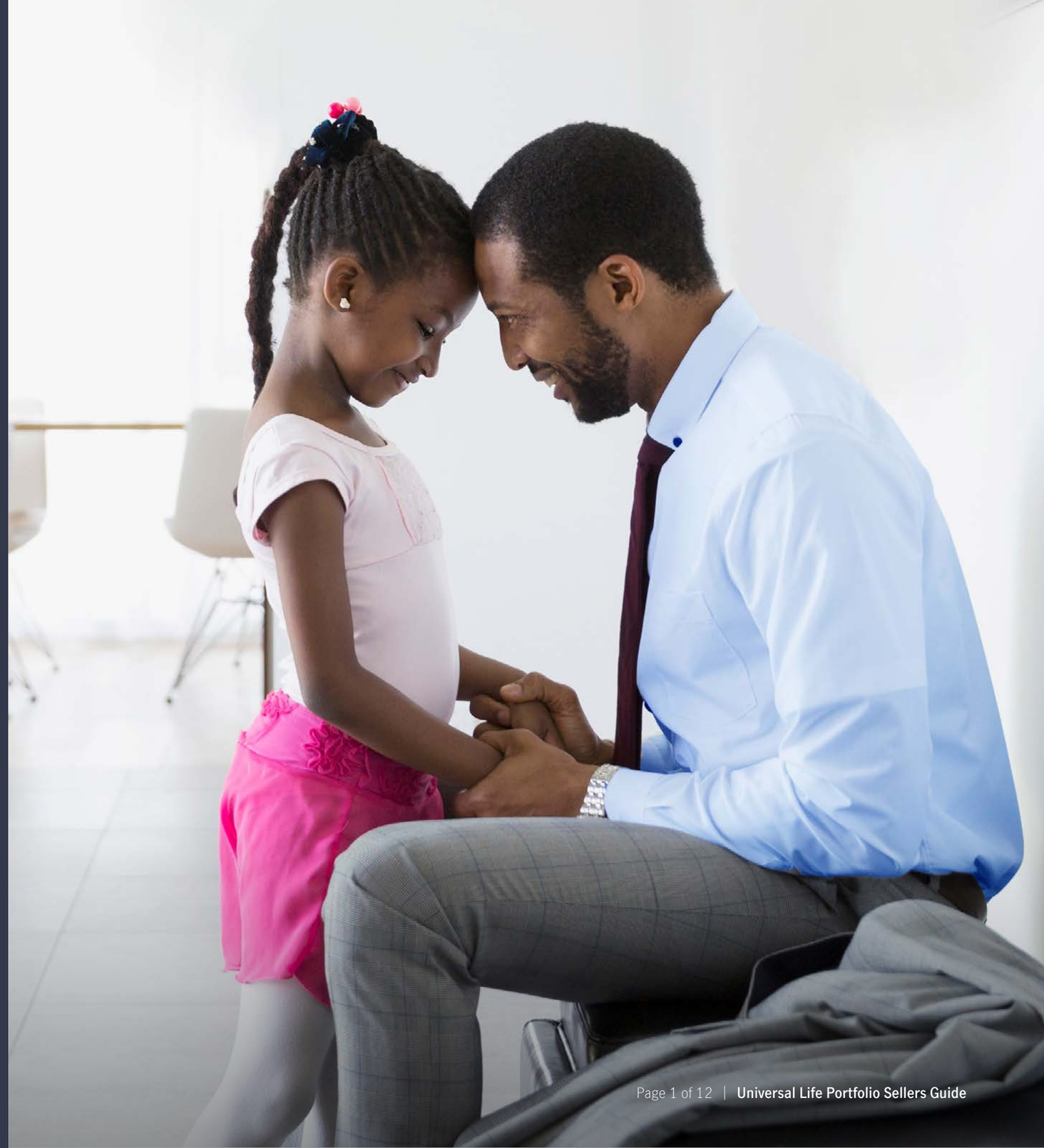
LIFE-5256 2/23



John Hancock's UL portfolio

Protection UL (for individuals) and Protection Survivorship UL[1] (or Protection SUL, for two insureds) can offer a lifetime of cost-effective tax-free death benefit, some of the lowest premiums in the industry, competitive cash value potential and strong death benefit guarantees.[2] They offer clients several advantages, including:

1. **Stability —** our Company's unique General Account investment portfolio comprises high quality, well-diversified assets that provide consistently strong results and have helped John Hancock maintain a stable crediting-rate history.

2. **Funding flexibility —** after issue, the premium pattern can be altered to fit changing client needs and economic conditions in a wide variety of funding scenarios. For instance, if the crediting rate goes up, a lower premium may achieve the same result.

3. **Higher cash value potential —** our UL products lead in growth potential compared to Guaranteed UL (GUL) products. Some of the lowest premiums on the market — these cost savings can translate into a higher internal rate of return,[3] meaning clients get more death benefit value for their premium dollars.

4. **Strong guarantees —** added security of strong death benefit protection.[2] Plus confidence with LifeTrack™ — this dynamic policy-management tool helps clients manage policy performance.

5. **Innovative living benefit riders —** that enhance value with added protection such as long-term care coverage[4] and rewards and savings for living healthier with John Hancock Vitality — or John Hancock Aspire® for those living with diabetes.

John Hancock has two competitive UL products to help meet their needs

Protection UL

Cost-efficient permanent protection with strong guarantees and cash value accumulation potential

Protection SUL

Cost-efficient permanent protection with strong guarantees and cash value accumulation potential for two lives

Target market and applications

Protection UL and Protection SUL are an ideal fit for a variety of applications designed to protect the financial future of your clients' family and/or business.

- **Both Protection UL and Protection SUL can provide liquidity** to enhance the legacy left to your clients' loved ones and/or to help pay estate taxes and final expenses, or equalize an estate among beneficiaries.
- Since Protection UL is so cost-efficient, it's a great choice for funding the **buyout of a business via a buy-sell arrangement.**
- These products can also be used for **premium finance and in corporate split-dollar arrangements.**

Both products offer the Return of Premium rider[5] which is particularly useful in financing applications as it can help ensure there is sufficient death benefit to both repay the loan and provide a benefit to an insured's heirs.

Target market

- Ages 35–75
- Looking for cost-efficient death benefit protection with lengthy guarantees
- Seeking premium-payment flexibility
- Want some level of cash value growth potential, but are risk adverse

Cash value accumulation

Protection UL and Protection SUL offer greater cash value potential than GUL. Having cash value in a UL policy allows for greater flexibility in design, premium payments and distributions and provides an exit strategy should your clients' needs change.

- **Cash values can be accessed to help meet a wide variety of needs ranging from college funding,** supplemental income, estate planning and more.
- **Cash value can be used to help keep a policy in force** if a client should live beyond the no-lapse guarantee duration.

Tax advantages

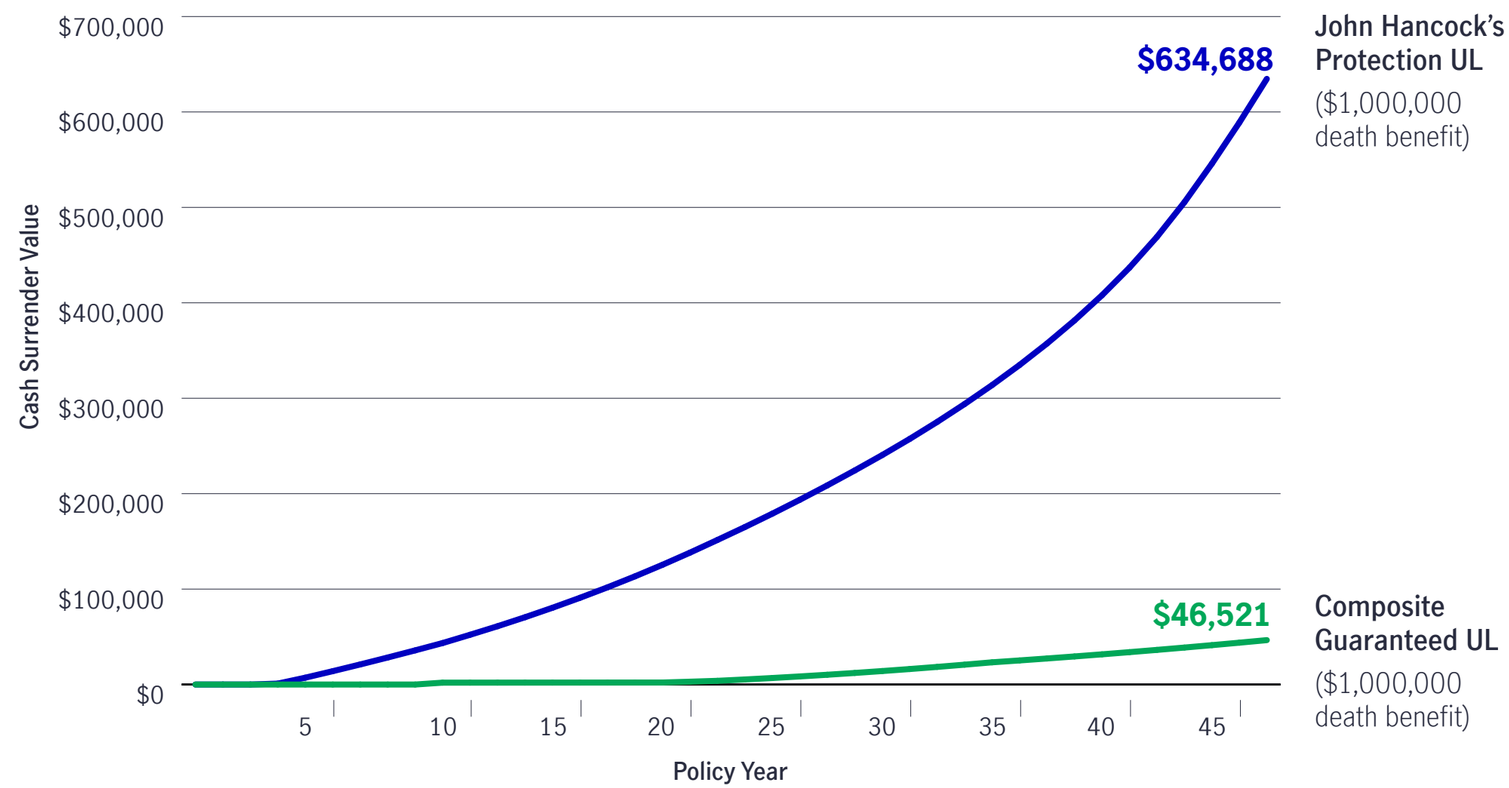
Cash value life insurance offers tax advantages that can include:

- Tax-deferred growth
- Tax-favored withdrawals
- Tax-free death benefit

See how a client's cash value grows with Protection UL compared to a GUL product, even though the same premium is paid in all years.

Cash values: Protection UL vs. Guaranteed UL

Male, age 50, preferred non smoker, paying $10,785 in all years



The data shown is taken from illustrations. Protection UL death benefit is based on current assumptions paying premium of $10,785 all years and solving for $1 at lifetime and is guaranteed to age 83. GUL based on composite premium of five carriers solving for $1 million death benefit to guarantee to lifetime. Competitor information is current and accurate to the best of our knowledge as of February 2023. Competitor premiums are guaranteed for lifetime. Current interest rates may be different for each company and may not be guaranteed. Underwriting class is based on Preferred risk class. Underwriting criteria will differ from company to company; we attempted to use comparable risk classes across all companies. The composite average is based on guaranteed UL policies currently marketed by leading providers of UL, excluding John Hancock, as indicated in the International Universal Life Sales Summary. The GUL composite is based on Protective, Nationwide, Corebridge and Penn Mutual. Policies and contracts on which the composite is based may not be available in all states. The comparisons in this communication are of different products that vary in premiums, rates, fees, expenses, features and benefits. Please have your clients consult their professional advisors to find out which type of life insurance is most suitable. Values are not guaranteed and certain assumptions are subject to change by the insurer. Actual results may be more or less favorable.

LifeTrack billing

Some clients may be attracted to GUL because of the idea of a life guarantee, not realizing that if they are late with or miss a premium they will need to pay more — sometimes significantly so — to keep their policy in force. Protection UL and Protection SUL with LifeTrack can offer them more peace of mind.

That's because in addition to offering guarantees that frequently last to life expectancy, these products give clients more premium flexibility, and policy holders can take advantage of LifeTrack, a first-of-its-kind policy management service that can help give them ongoing assurance that they are on track to meet their insurance goals.

LifeTrack is

Dynamic

LifeTrack premiums change as policy experience unfolds

Free of charge

There is no cost to add this innovative tool

Optional

Owners may add or remove it from available products at any time

How does LifeTrack work?

On each billing date, a new LifeTrack Premium will be calculated that takes into account:

- **Current policy value**
- **Current crediting rate**
- **Current Vitality Status**

LifeTrack will calculate the premium that is projected to achieve the client's objectives (e.g. endow at life, $1M of policy value at age 65, etc.)

LifeTrack billing, continued

It's important to understand the impact that missing a premium payment has on a policy.

Consider clients who pay the billed premium in all years, but miss the premium in year 10. With GUL and traditional, they would end up needing to pay significantly more — perhaps even during retirement years — in order to keep the policy in force.

But if they buy a Protection UL with LifeTrack policy, their premiums are automatically adjusted after the missed payment to keep the policy on track.

		GUL (Traditional billing)		Protection UL (LifeTrack billing)	
Year	Age	Client is billed	Client pays	Client is billed	Client pays
7	47	$11,968	$11,968	$10,000	$10,000
8	48	$11,968	$0	$10,000	$0
9	49	$11,968	$0	$10,772	$0
10	50	$11,968	$11,968	$11,664	$11,664
11	51	$11,968	$11,968	$11,664	$11,664
12	52	$11,968	$11,968	$11,664	$11,664
50	**92+**	**$11,968**	**$122,781**	**$11,664**	**$11,664**

Female 40, Preferred, level-pay with death benefit of $2,088,864. Protection UL solving for $1 at 121 at current assumptions and is guaranteed to age 69. Penn Mutual Guaranteed Protection UL solving for lifetime guarantee. The data shown is taken from illustrations. Not all benefits and values are guaranteed. The assumptions on which the non-guaranteed elements are based are subject to change by the insurer. Actual results may be more or less favorable. Competitor information is current and accurate to the best of our knowledge as of February 2023. The data shown is taken from various company illustrations. Current interest rates may be different for each company and may not be guaranteed. The comparisons in this communication are of different products that vary in premiums, rates, fees, expenses, features and benefits. Please have your clients consult their professional advisors to find out which type of life insurance is most suitable.

True peace of mind

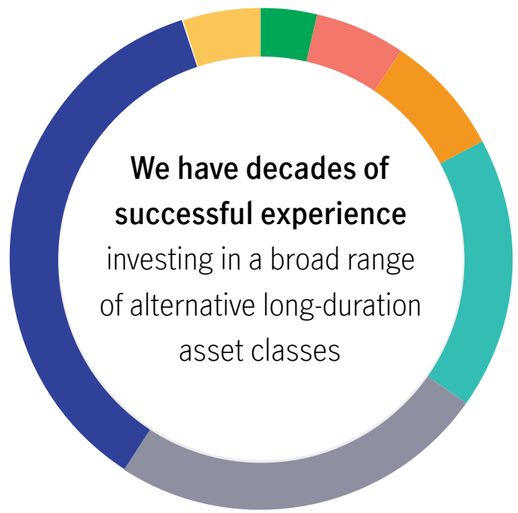
As you can see, Protection UL costs less, and also offers clients LifeTrack to help them manage their policy and make incremental adjustments should they need flexibility. Now that's true peace of mind!

How does UL remain stable even during periods of market fluctuation?

Investment strategy

With a disciplined investment strategy backed by in-depth experience, we consistently deliver leading customer value — even through challenging markets — to our Protection UL and Protection SUL policyholders. Two key reasons for that success include:

- John Hancock offers institutional investment expertise in both **fixed income and alternative long-duration assets.**
- Our alternative assets include **investments such as commercial real estate, farmland and timberland,** providing greater diversification than a portfolio allocated exclusively to fixed income investments.



Alternative long-duration assets*

- **Farmland:** 3%
- **Oil & gas:** 4%
- **Timberland:** 8%
- **Private equity & other:** 25%
- **Power & infrastructure:** 22%
- **Real estate:** 32%
- **Other ALDA:** 5%

Positioned for enhanced long-term performance

These longer-duration, non-fixed income assets within our General Account portfolio have traditionally generated higher long-term yields than fixed income investments. This is in part due to the fact that as an institutional manager of both its own funds and third-party accounts, John Hancock has a good deal of experience with these asset classes as well as access that cannot be easily replicated.

What's more, by investing in a broader array of asset classes, we expect to be able to **diversify risk and generate returns to help us enhance the policy's long-term performance.** As a result of this strategy, it is possible that the direction or degree by which the crediting rate changes at a given time will be different from our other UL policies.

* as of September 2021.

Then and now — current assumption UL crediting rates in 2011 and 2023

Crediting rates

For the evidence of the strength of John Hancock's institutional investment expertise, see how Protection UL's crediting rate has remained higher — and more stable — than those of its competitors since launching in 2011.

Product	2011	2023	Difference
Protection UL	**5.20%**	**4.95%**	**-0.25%**
Principal UL Accumulation II	5.20%	4.10%	-1.10%
Pacific Life Versa Flex Pro II - DB	5.15%	3.75%	-1.40%
Prudential UL Plus	4.90%	3.35%	-1.55%
Protective ProClassic UL	5.40%	3.30%	-2.10%
AIG Elite UL	3.75%	**3.00%**	-0.75%
Nationwide YourLife Current Assumption UL	4.25%	**3.00%**	-1.25%
Lincoln LifeCurrent UL	4.65%	**3.00%**	-1.65%
AXA Athena UL	4.25%	2.50%	-1.75%

Rates highlighted in blue are equal to the guaranteed minimum rate for the given product. Competitor information is current and accurate to the best of our knowledge as of February 2023. Based on analysis of LIMRA International annualized premium with excess in all channels, Protection UL was the top-selling current assumption UL year end 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 2020, 2021 and 2022. Past performance is not a guarantee of future results.

Crediting rates impact on policy performance?

While clients can gain reassurance from our history of stable crediting rates, it's important that they also consider how their policy would perform through all possible crediting-rate scenarios.

Regardless of what may happen, Protection UL and Protection SUL have your clients covered!

	Covered when rates increase	Covered when rates stay flat	Covered when rates decrease
Surrender policy	✔	✔	✔
Death of policy owner	✔	✔	✔
Outlive NLG	✔	✔	It depends — on years lived and rate of decrease

What if crediting rates increase?

If crediting rates rise, policy owners of Protection UL and Protection SUL may surrender the policy — often for more value than a GUL policy would offer. Or they could choose to keep the coverage for a lower premium (than GUL), at times even lower than originally illustrated, as we see here:

Female, age 60, Preferred Non-Smoker, $1M face amount

Crediting-rate scenario	GUL premium	Protection UL premium
Premium based on current crediting rate	$14,498	$12,165
Premium if crediting rate increased 200 basis points	$14,498	Decrease in premium

Protection UL 22 premium is based on current assumptions and is guaranteed to age 81. The competitor premium Nationwide is based on lifetime guarantee. Competitor information is current and accurate to the best of our knowledge as of February 2023. The data shown is taken from illustrations. Current crediting rates may be different for each company and may not be guaranteed. Values are not guaranteed and certain assumptions are subject to change by the insurer. Actual results may be more or less favorable. The comparisons in this communication are of different products that vary in premiums, rates, fees, expenses, features and benefits. These comparisons cannot be used with the public. Please have your clients consult with their professional advisors to find out which type of life insurance is most suitable for their needs.

What if crediting rates stay flat?

If crediting rates stay flat, the policy will behave similarly to the initial illustration. That means that in this scenario our UL products will deliver higher cash surrender value and lower premiums than the typical GUL policy.

Crediting rates, continued

What if crediting rates decrease?

If the crediting rates decrease after 10 years and remain low, Protection UL can offer more value than GUL — in more ways than one. As shown, the leading GUL will buy $1 million of coverage with a premium of $376,774.

With the same premium, Protection UL buys $1,322,175 of coverage. Or clients can decide to reduce their death benefit coverage and extend their guarantee.

Male, age 60, Preferred class, paying leading competitor's single-pay premium of $376,774 for a $1M death benefit

- **Option 1:** Maintain his higher death benefit of $1.3M if he decides the coverage runs long enough
- **Option 2:** Reduce his death benefit in year 11 to the competitor's original level of $1M

	Option 1	Option 2
Crediting-rate reduction in year 11	Maintain DB of $1.3M all years	Reduce DB to $1M in year 11
-0.5%	96	Lifetime
-1.0%	93	Lifetime
-1.5%	91	Lifetime
-2.0%	**90**	**101**

Protection UL 22 premium is based on competitor's lifetime guarantee solve. Protection UL guaranteed to age 83 and is based on current assumptions. Leading GUL competitor is Nationwide and is based on a lifetime guarantee. Competitor information is current and accurate to the best of our knowledge as of February 2023. The data shown is taken from illustrations. Current interest rates may be different for each company and may not be guaranteed. Values are not guaranteed and certain assumptions are subject to change by the insurer. Actual results may be more or less favorable. The comparisons in this communication are of different products that vary in premiums, rates, fees, expenses, features and benefits. Please have your clients consult with their professional advisors to find out which type of life insurance is most suitable.

Enhance the sale

With John Hancock UL products, you can enhance the life insurance conversation by drawing attention to how our policies not only provide death benefit protection, but they can also help clients meet key future needs during their lifetime. We offer a full suite of living benefits — the John Hancock Vitality Program, Critical Illness Benefit rider[6] and Long-Term Care (LTC) rider[4] — that can help create the ideal product solution for your clients' future needs.

John Hancock Vitality program

It starts with John Hancock Vitality, a unique living benefit available with both Protection UL and Protection SUL. By engaging in Vitality PLUS, your clients can significantly lower their premiums (sometimes as much as 15%), plus get additional rewards and discounts for simply living a healthy life. In fact, the healthier your clients are, the more they can save.[7]

Critical Illness Benefit rider

This rider offers your clients a lump-sum, income tax-free[8] payment that's separate from — and in addition to — their life insurance benefit. This living benefit can be added to a Protection UL policy to help protect your clients throughout their working years from the financial burden associated with a critical illness event such as heart attack, cancer or stroke.

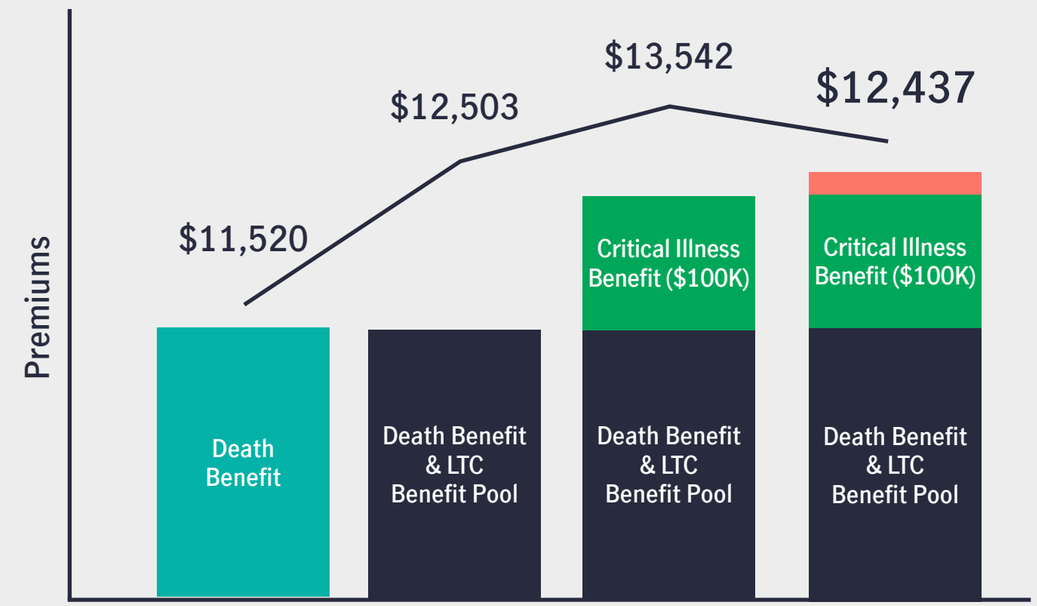
Long-Term Care rider

When combined with a John Hancock Protection UL life insurance policy, our optional LTC rider allows policy owners to accelerate their death benefit to help pay for long-term care expenses should the need arise. Any portion of the death benefit not used to cover these expenses remains in the policy, and is later paid as a life insurance benefit.

Comprehensive protection for less

Protection UL 22, male, age 55, Preferred Non-Smoker, death benefit ($1M), 10% Critical Illness Benefit rider, 2% LTC rider

When Vitality PLUS is added, look at possible premium savings!



Protection UL illustration assumes premiums are paid all years at current assumptions. Vitality example presumes a Gold status. This is a supplemental illustration. Not all benefits and values are guaranteed. The assumptions on which the non-guaranteed elements are based are subject to change by the insurer. Actual results may be more or less favorable.

Strength. Stability. John Hancock.

John Hancock is among the highest-rated companies for financial strength and stability as demonstrated by its A+ rating from A.M. Best.[9] Financial strength ratings are a comprehensive measure of a company's financial strength and stability and are important as they reflect a life insurance company's ability to pay claims in the future. With 160 years of experience, John Hancock offers clients a diverse range of insurance products and services through its extensive network of employees, agents, and distribution partners.

About Vitality

To help in your clients' pursuit of a longer, healthier life, John Hancock is working with Vitality, the global leader in integrating wellness benefits with life insurance products. Vitality has an established track record of creating interactive, personalized programs. Millions of Vitality members worldwide use their online tools to identify and work towards health and lifestyle goals.

For more information about any of our life insurance products:

Contact your **John Hancock sales representative**

Call **National Sales Support at 888-266-7498, option 2**

Visit us online

1. Insurance policies and/or associated riders and features may not be available in all states. Some riders may have additional fees and expenses associated with them.

2. Protection UL and Protection SUL policies automatically include a no-lapse guarantee called Death Benefit Protection. This feature guarantees that the policy will not default, even if the cash surrender value falls to zero or below, provided that the Death Benefit Protection Value remains greater than zero and policy debt never exceeds the policy value. Once terminated, the Death Benefit Protection feature cannot be reinstated. See the product producer guides for additional details.

3. The IRR on death benefit is equivalent to an interest rate at which an amount equal to the illustrated premiums could have been invested outside the policy to arrive at the net death benefit of the policy.

4. The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The maximum monthly benefit amount is $50,000. When the death benefit is accelerated for long-term care expenses, it is reduced dollar for dollar, and the cash value is reduced proportionately. Please go to JHSalesHub.com to verify state availability.

5. The Return of Premium (ROP) rider allows clients to select a percentage of the premiums paid to be returned to the beneficiaries in addition to the death benefit. There are costs associated with the ROP rider, and there may be underwriting limitations on the cumulative amount that can be returned. Not available in conjunction with certain other riders.

6. The Critical Illness Benefit rider provides a one-time, lump-sum benefit for covered critical illnesses subject to eligibility requirements. The benefit will not be paid for critical illnesses initially diagnosed before the rider effective date or during the waiting period. The rider is not available in all states and state variations may apply.

7. Premium savings are in comparison to the same John Hancock policy without the Vitality PLUS program. Premium savings over the life of the policy will vary based upon policy type, the terms of the policy, and the level of the insured's participation in the John Hancock Vitality Program.

8. John Hancock anticipates that the Critical Illness Benefit paid under this rider will generally be excludable from income under Internal Revenue Code Section 104(a)(3). However, the benefit may not qualify for this exclusion with certain third-party ownership arrangements.

9. Second highest of 13 ratings (superior ability to meet ongoing insurance obligations). Financial strength rating is current as of December 31, 2022 is subject to change, and applies to John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York as a measure of each company's financial ability to pay claims and to honor any guarantees provided by the contract and any applicable optional riders. These companies have also received additional financial strength ratings from other rating agencies. Financial strength ratings are not an assessment, recommendation, or guarantee of specific products and their investment returns or value, do not apply to individual securities held in any portfolio or the practices of an insurance company, and do not apply to the safety and performance of separate accounts.

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The benefits available under Aspire can vary depending on whether the insured has Type 1 or Type 2 diabetes, the type and coverage amount of the life insurance policy purchased and the level of Onduo engagement with the John Hancock Vitality Program. Eligibility for an Onduo membership is also subject to Onduo's qualification requirements. Certain aspects of Aspire may change over time. There is no coordination between Aspire and any health benefits you may receive from an insurance policy, health plan, or any other wellness programs you may be enrolled in. Aspire is not available in New York and Puerto Rico.

Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock.

Rewards and discounts are subject to change and are not guaranteed to remain the same for the life of the policy.

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.

This material does not constitute tax or legal advice and neither John Hancock nor any of its agents, employees or registered representatives are in the business of offering such advice. You should consult with your own tax advisor.

Paying a premium that differs from an originally illustrated planned premium could reduce the duration of the policy's Death Benefit Protection feature or impact other features of the policy.

Guaranteed product features are dependent upon minimum-premium requirements and the claims-paying ability of the issuer.

Expiration date: August 2023

Insurance products issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116.

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