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# Living benefit riders

## Seller's Guide

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# John Hancock's living benefit riders

**Living a long life — and spending many years in retirement — is increasingly likely for most people. That means careful planning is a necessity.**

A John Hancock permanent life insurance policy can play a key role in that planning, not only by helping protect a family's financial security in case of an untimely death, but also by offering several other benefits during life.

## Add even more protection

While discussions about life insurance center around the coverage it offers at death, your clients may also be considering how to prepare for other risks. For instance, how would their financial plans and family be impacted by a chronic or critical illness?

Fortunately, a permanent John Hancock life insurance policy offers solutions by allowing clients to customize their coverage with extra protection. To be better prepared for long-term care needs, they can choose from our Long-Term Care, Chronic Illness or Accelerated Benefit for Chronic Illness riders, which each give them a way to accelerate their policy's death benefit if needed. They can also add a Critical Illness Benefit rider for protection in the form of a lump-sum payment in case of a critical illness. Let's look at how each of these solutions work.





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## LONG-TERM CARE (LTC) RIDER (MONTHLY CHARGE)

# Do your clients want access to the maximum amount of LTC coverage, if needed?

If your clients have not allocated anything to pay for long-term care, they may end up allocating everything. Paying for care can have a significant impact on the income needed to support their lifestyle in retirement. What's more, if those closest to them must provide long-term care, it can take an emotional and physical toll.

- **An estimated 53 million adults** in the US are providing personal assistance for family members with disabilities or other care needs<sup>1</sup>
- **Up to 70% of caregivers** have significant symptoms of depression<sup>2</sup>
- **The national average for 24-hour home care** or one year in a nursing home is more than \$114,000<sup>3</sup>

## John Hancock's Long-Term Care rider

By adding the Long-Term Care rider to their life insurance policy, your clients will be positioned to help alleviate a potentially significant financial, physical and emotional burden that their spouse, children or other family members could face if a long-term care event occurs.

Our Long-Term Care rider is specifically designed to help pay for long-term care expenses up to the coverage amounts chosen by your clients.

In turn, it helps protect their financial portfolio from being used to pay for care, while also protecting their family members from having to provide it informally.

## How it works



Policy owner elects their total LTC benefit and their maximum monthly LTC benefit when applying for life insurance policy



Insured is unable to perform two of the six Activities of Daily Living (ADLs) without substantial assistance (bathing, dressing, eating, continence, toileting and transferring), or supervision is required due to a cognitive impairment



Insured satisfies Elimination Period of 90 calendar days



John Hancock reimburses client or care providers for the qualified LTC expenses incurred each month up to the maximum monthly benefit amount



Any benefits not spent for LTC expenses each month can help extend the policy's LTC coverage period and/or will be paid as a death benefit on a tax-favored basis





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Long-Term Care rider, *continued*

# How can our Long-Term Care rider help your clients?

John Hancock's Long-Term Care rider means your clients can afford access to professional care and services, help ensure reimbursement for the qualified long-term care expenses they incur each month up to the maximums purchased and preserve more of their legacy for their beneficiaries.

Our LTC rider offers clients several additional advantages compared to many competitors' offerings, such as:



## Lower cost and guaranteed rates

Provides a reimbursement benefit model that's designed to keep costs down and can help your clients get the most out of their total benefit pool — and our rates are guaranteed to never increase



## Better coverage

Offers substantially higher monthly coverage, which is received income tax-free up to the maximum amount the policyholder chooses, even when those expenses exceed the IRS per diem limit



## Backed by extensive experience

Design reflects our extensive experience in the long-term care insurance market, which includes paying more than \$17 billion<sup>4</sup> in long-term care benefits. And our registered nurses on staff can help your clients navigate the long-term care continuum



## Case study: Anna's plan for tomorrow

- Anna is 50 years old
- She had been providing care for her 85-year-old mother for the past several years, until she was placed in a nursing home needing care full time
- Anna experienced the struggle of working full time, while raising her own family and providing her mother's care
- Adding the Long-Term Care rider to her John Hancock life insurance policy helped give Anna the assurance that she would be able to afford professional help if she needs long-term care in the future, alleviating her children of a potential financial, physical and emotional burden



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## CHRONIC ILLNESS RIDER (MONTHLY CHARGE)

# Are your clients seeking more flexibility in chronic-illness planning?

While saving for retirement, college or even an annual family vacation may be top of mind for many of your clients, they should also be considering the impact of the “what-ifs” of life that could potentially derail their plans, like chronic illness. Such an unexpected event could impact their savings, limit their choices on how they want to live and even negatively impact their loved ones. Planning ahead with life insurance and a chronic illness rider can provide a solution.

## John Hancock’s Chronic Illness rider

John Hancock’s Chronic Illness rider offers a monthly or annual acceleration of the death benefit, up to the IRS per diem limit, if an insured becomes certified as chronically ill.

Clients have the flexibility to use their Chronic Illness rider’s benefit any way they choose, with no receipts required. Plus, you can sell the rider with only a life license.

## How it works



Policy owner elects the Chronic Illness rider at issue and chooses monthly benefit amount to be accelerated (capped at the IRS per diem limit in the year of acceleration). Additional underwriting is required



Insured is certified as chronically ill, i.e., being unable to perform two of six Activities of Daily Living (ADLs) without substantial assistance (bathing, dressing, eating, continence, toileting and transferring), or supervision is required due to a cognitive impairment



Insured satisfies Elimination Period of 90-calendar days



Insured receives payment (monthly or annually), which they can use in any way they see fit, whether it’s to pay for home care or home modifications to accommodate their condition, preserve their retirement income or continue to meet their day-to-day financial obligations.

Any residual benefits will be paid as a death benefit on a tax-favored basis



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Chronic Illness rider, *continued*

# How can our Chronic Illness rider help your clients?

By adding the Chronic Illness rider to their life insurance policy, your clients will have the flexibility, choice and control they need during a chronic illness.

Our Chronic Illness rider provides several benefits, including



## More choice

Offers an attractive option for added protection — our Chronic Illness rider offers a different approach (as compared to our Long-Term Care rider) to covering the “what if’s” in life, all from a brand people know and trust



## More flexibility

Provides income tax-free access to the death benefit upon a chronic illness diagnosis



## More control

Allows choice in how the money is used, e.g., for medical costs, lifestyle expenses, home modifications, etc. with no receipts required



## Case study: Rosa’s plan for the “what-ifs”

- Rosa is 48. She is currently working and saving for retirement while raising two children and helping provide care for her elderly dad who requires substantial assistance with daily living
- Not only does Rosa want to make sure her kids are financially secure in the event of her premature death, but she is also concerned about the impact on her plans and family if she should become chronically ill, like her father. Having choice and control at the time of need is paramount to Rosa
- Adding the Chronic Illness rider to her John Hancock life insurance policy helped give Rosa the protection she needs, while also giving her the flexibility to use the benefit dollars in any way she sees fit



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## ACCELERATED DEATH BENEFIT FOR CHRONIC ILLNESS RIDER (CHARGE AT CLAIM)

# Do your clients need a backup plan?

Unexpected health challenges can jeopardize your clients achieving their financial goals, such as meeting their everyday expenses or saving for retirement. But planning with the Accelerated Death Benefit for Chronic Illness rider can provide a solution. The rider allows them to access their death benefit early to help alleviate the potentially significant financial impacts of developing a chronic illness.

- Chronic illnesses are the leading causes of death and disability and top drivers of the nation's \$4.1 trillion in annual health care costs<sup>5</sup>
- Six in ten adults in the US have a chronic disease and four in ten adults have two or more<sup>5</sup>

## John Hancock's Accelerated Death Benefit for Chronic Illness rider

By adding this rider to their life insurance policy, your clients will be well positioned should they need extra protection in the future if their financial needs or circumstances change upon a chronic illness diagnosis.

## How it works



Policy owner elects the Accelerated Death Benefit for Chronic Illness rider at issue (up to 75% of the death benefit up to \$1M, capped at the annualized IRS per diem limit in the year of acceleration). No additional underwriting is required



Insured is diagnosed with a condition that results in them being unable to perform two of the six Activities of Daily Living (ADLs) without substantial assistance (bathing, dressing, eating, continence, toileting and transferring), or supervision is required due to a cognitive impairment



Insured satisfies Elimination Period of 90-calendar days



Client requests an accelerated benefit payment, which can be requested once every 12 months while the insured is chronically ill, up to certain limits



Rider charge is determined at time of claim, and deducted from the accelerated benefit payment (no monthly charges)





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Accelerated Death benefit for Chronic Illness rider, *continued*

# How can our Accelerated Death benefit for Chronic Illness rider help your clients?

John Hancock's Accelerated Death benefit for Chronic Illness rider offers an annual lump-sum acceleration of the death benefit if an insured becomes certified as chronically ill.

Our rider provides several advantages to your clients, including:



## Extra protection No monthly charges

Offers an attractive option when cash value accumulation is the focus



## Death benefit remains intact

Helps protect estate plan and financial security of beneficiaries



## More flexibility

Allows choice in how the money is used, e.g., for medical costs, lifestyle expenses, savings plans, etc.



## Case study: Paul's "just in case" plan

- Paul is 35. He is currently working and his primary focus is on accumulation
- Paul's agent presented the Accelerated Death Benefit for Chronic Illness rider as an optional lever for income tax-free access to his policy's death benefit
- Paul was glad he added this rider to his policy when he was subsequently diagnosed with a chronic illness, as it allowed him to request an acceleration of his death benefit to help pay his additional medical costs
- Paul has the help he needs to meet unexpected costs and is still able to leave funds for his beneficiaries





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## CRITICAL ILLNESS RIDER

# Are your clients prepared for a critical illness diagnosis?

A critical illness diagnosis during working years could **impact your clients' ability to save for future goals** such as retirement, while still trying to meet their **everyday living expenses**.

- The American Cancer Society (ACS) estimated that **roughly 1.9 million new cases of cancer were diagnosed in the US in 2021** and that more than 16.9 million Americans living today have a cancer history<sup>6</sup>
- The National Cancer Institute calculated **the average cost of medical care and drugs tops \$42,000 in the year following a cancer diagnosis**. Some treatments can exceed \$1 million<sup>7</sup>

## John Hancock's Critical Illness Benefit rider

Our Critical Illness Benefit rider can help ensure your clients' financial plans stay on track, even in the event of a serious illness.

By adding the Critical Illness Benefit rider to their life insurance policy, your clients will be positioned to help alleviate a potentially significant financial burden that they — or their spouse, children or other family members — could face if a critical illness event occurs.

## How it works



Policy owner elects a benefit amount (10% or 25% of policy's face amount) at time of application



Insured must satisfy waiting period of 30 calendar days



Insured is initially diagnosed with one of the following: heart attack, stroke, cancer, coronary artery bypass graft, major organ failure, kidney failure or paralysis



Client receives a lump-sum, income tax-free benefit up to \$250,000 that will not reduce the death benefit



Protects client's lifestyle by helping to pay for living expenses, continued savings, etc., while preserving the life insurance benefit



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Critical Illness rider, *continued*

## How can our Critical Illness Benefit rider help your clients?

John Hancock's approach offers a meaningful critical illness benefit without impacting your clients' life insurance benefit or chronic-illness plans.

Unlike many critical illness riders, which offer a discounted acceleration of the policy's death benefit, John Hancock's Critical Illness Benefit rider is paid from a separate benefit pool.

This provides several advantages to your clients, including:



### Better planning

Provides the predictability and certainty that comes from knowing the benefit amount and rider cost upfront



### Flexibility

Allows choice in how the money is used, e.g., for medical costs or long-term care, lifestyle expenses, savings plans, etc.



### Death benefit remains intact

Helps protect estate plan and financial security of beneficiaries



### Case study: Joe plans to retire comfortably at 65

- Joe was 45 when he had a stroke
- New therapies, unexpected medical costs and his inability to work full-time all contributed to his soaring expenses, which exceeded \$100,000
- Thankfully Joe had included the Critical Illness Benefit rider when he purchased his John Hancock life insurance policy, giving him the funds to continue to pay his expenses without tapping into his retirement savings plans throughout his recovery. As this case study shows, the rider can help your clients be better prepared financially to live a long life





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# 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.<sup>8</sup> 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 over 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.

## For more information about any of our life insurance products with living benefits:



Contact your **John Hancock sales representative**



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



Visit **JHSalesHub.com**

1. Long-Term Care: The Crisis Everyone Must Face. May 2022. <https://www.aarp.org/politics-society/advocacy/info-2022/jenkins-long-term-care-crisis.html?intcmp=AE-CAR-R1-C1>.
2. Family Caregiver Alliance. National Center on Caregiving. Caregiver Health. Accessed September 2022. [caregiver.org/caregiver-health](https://caregiver.org/caregiver-health).
3. Based on the 2021 John Hancock Cost of Long-Term Care Survey.
4. Based on internal data from 1987 to December 31, 2021. LTC claims data is inclusive of LTC rider and individual LTC policies; totals include individual, group and the Federal programs.
5. Chronic Diseases in America. July 21, 2022. <https://www.cdc.gov/chronicdisease/tools/infographics.htm>.
6. American Cancer Society. Cancer Facts & Figures 2021. Atlanta: American Cancer Society; 2021.
7. How the Cost of Cancer is Driving Americans into Debt. July 2022. [npr.org/sections/health-shots](https://www.npr.org/sections/health-shots).
8. Second highest of 13 ratings (superior ability to meet ongoing insurance obligations). Financial strength rating is current as of June 30, 2023, 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.

**Note to producers: Most states have adopted the training requirements outlined in the Deficit Reduction Act of 2006 and the NAIC Long-Term Care Model Act. This requires producers selling LTC insurance products, including LTC riders, to take an initial eight-hour NAIC Partnership training course, followed by a four-hour refresher every two years. All courses must be approved by ClearCert in order to be accepted as valid training.**

- To determine if a course is approved, please visit [ClearCert.com](https://www.clearcert.com)
- To take an approved course at a discounted rate, please visit [JHInsuranceCE.com](https://www.jhinsurancece.com)

The Chronic Illness rider allows for an acceleration of the death benefit when the insured is certified as chronically ill. The maximum monthly benefit amount is the lower of \$30,000 or the IRS per diem limit for a given month. Accelerated benefit payments under this rider reduce the death benefit dollar for dollar by the accelerated amount and reduce the policy value proportionately. There is a monthly charge for this optional rider. The benefits provided by this optional rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable. This rider is not long-term care insurance.

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. See the product producer guide for additional details.

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.

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](https://www.jhsaleshub.com) to verify state availability. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Consult the state-specific Outline of Coverage for additional details.

The insured is financially responsible to their care providers, including charges not covered by the LTC Rider. Some riders may have additional fees and expenses associated with them.

This material does not constitute tax or legal advice and neither John Hancock nor any of its agents, employees or licensed agents are in the business of offering such advice. You should consult with your own tax professional. The Accelerated Death Benefit for Chronic Illness Rider allows for a partial acceleration of the death benefit when the insured is certified as chronically ill. The amount is capped at 75% of the death benefit to a lifetime maximum of \$1 million. The annual maximum benefit amount is limited to the IRS per diem limit. Accelerated benefit payments paid under this rider reduce the death benefit dollar for dollar by the accelerated amount and reduce the policy value proportionately. The payments will also be reduced by interest charges. The benefits provided by this rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable. This rider is not long-term care insurance. 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.

Insurance policies and/or associated riders and features may not be available in all states.

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