



*JH Solutions*®

# Charitable Remainder Trust planning

using life insurance in a Wealth  
Replacement Trust

**Prepared for**

Sample

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**Presented by**

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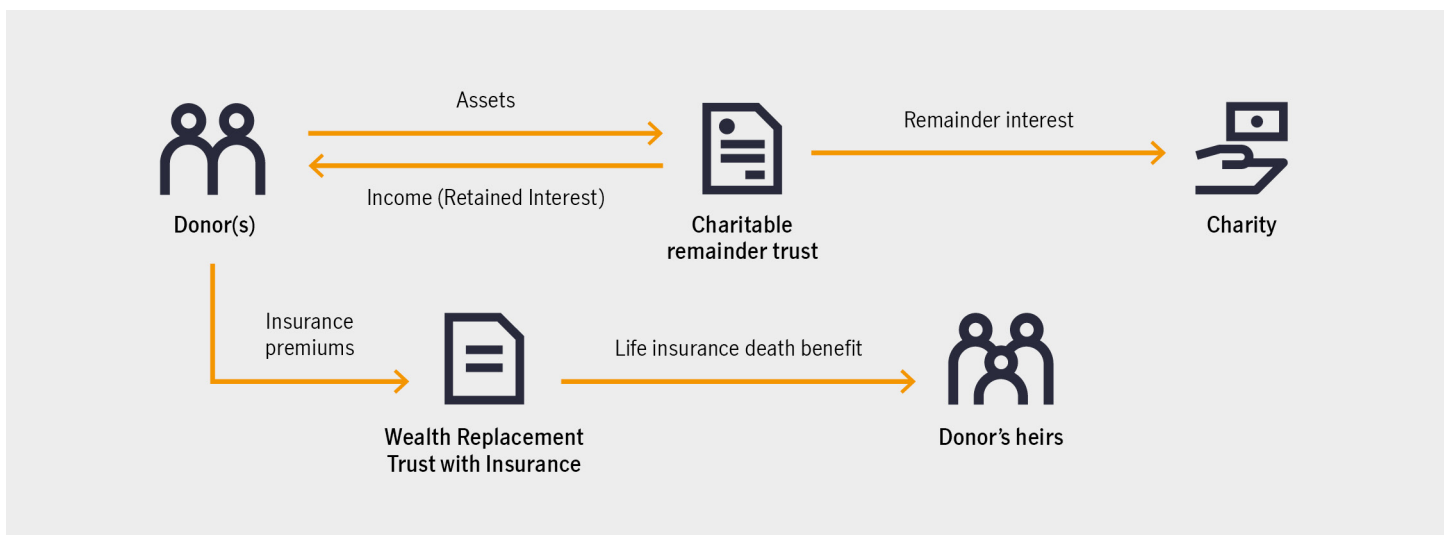
You are financially successful, charitably inclined and are seeking ways to benefit your favorite charity. You may also own a highly appreciated asset that you would like to sell but are reluctant to pay the substantial tax on the gain.

Consider transferring assets to a Charitable Remainder Trust (CRT) to provide a significant gift to your favorite charity. There are no capital gains taxes owed on the transfer to the trust, and you will avoid paying capital gains tax when the trustee sells the asset inside the trust.<sup>1</sup> In return, you will receive an income stream from the trust for either the rest of your life or a term of years. The income is also known as your retained interest or your annuity interest. The income stream would be taxable income, but this may be preferable to paying a large lump sum tax if you sold the asset today. You may even benefit from an income tax savings associated with the gift to the charity. Finally, by adding a Wealth Replacement Trust (WRT) with permanent life insurance, your asset can be replaced for your heirs free of transfer tax.<sup>2</sup>

## How it works

You, as the donor of the CRT, make a tax-free transfer of an asset (or assets) to the trust, which generally is tax-exempt. The trustee of the trust sells the asset(s) and creates a diversified investment portfolio. You, or someone you designate, may receive income from the trust based on the trust terms.<sup>3</sup> When the income term ends, the charity you designated as beneficiary of the trust will receive the trust balance (the remainder).

The value of the asset(s) you gift to the CRT will be removed from your estate and will not be subject to estate tax. However, this also means that your heirs will not benefit from the asset you have given away. Therefore, you can also establish a Wealth Replacement Trust (WRT), which will hold a life insurance policy in an amount that replaces the value of the asset(s) gifted to charity. You can make gifts of the annual premium payment to the trust using a portion of the income you receive.<sup>4</sup> The following graphic illustrates how the CRT and WRT work together:



1. The CRT is exempt from income taxes, including capital gains tax. See IRC §664(c), *Newhall v. Comm.*, 104 TC 236 (1995).

2. Transfer taxes refer to estate, gift and generation-skipping transfer taxes associated with assets that are transferred to others during lifetime or at death.

3. If the income beneficiary is someone other than you or your spouse, the income from the CRT may be subject to transfer tax (gift or generation-skipping transfer tax) if not covered by the annual gift tax exclusion or applicable exemption amount. Tax on income in respect of a decedent may also apply in some circumstances.

4. The gift tax annual exclusion allows each individual to give up to \$18,000 per year in 2024 (indexed annually for inflation and subject to specific rules) to an unlimited number of people without paying federal gift taxes.

## There are two types of Charitable Remainder Trusts:

- 1 **Charitable Remainder Annuity Trust (CRAT)** – A CRAT provides you with a guaranteed income payment annually based on a percentage of the original amount you transfer to the trust, regardless of the income the trust generates. If you are interested in guaranteed annual income, a CRAT may make sense. You cannot make additional contributions to a CRAT.
- 2 **Charitable Remainder Unitrust (CRUT)** – A CRUT provides you with a percentage of income annually based on the annual value of the trust assets. The amount of income you receive will change annually, depending on the value of the underlying assets in the trust. A CRUT allows you to participate in the growth of the trust assets; however, if trust assets decrease in value, then the income you receive will decrease as well. You can make additional contributions to a CRUT.

## Benefits to you of a Charitable Remainder Trust

- **Charitable gift** – You can benefit a cause you believe in directly by re-routing asset(s) from your estate to a CRT.
- **Potential income tax savings** – You may be eligible for a current income tax deduction for the present value of the CRT balance at the end of the trust term (i.e., the remainder interest).<sup>5</sup>
- **No immediate capital gains tax** – A transfer of the asset to the CRT is a tax-free charitable transfer. Therefore, you will benefit from avoiding a lump sum capital gains tax on a highly appreciated asset that you would otherwise incur if you sold the asset in your estate.
- **Guaranteed income stream** – You or someone you designate will receive an income stream from the CRT. The trust is required to make the income payments, even if the payments must come from trust principal.
- **Estate tax reduction** – Your estate tax exposure will be reduced by the value of the asset you transfer to the CRT, along with its growth.
- **Discounted asset replacement** – The most efficient way of replacing the asset for heirs is to use a WRT funded with life insurance. With this approach, the cost of replacing the asset value is the annual premiums rather than the full value of the asset.

## Considerations

- **Charitable intent should take priority** – A CRT can be a useful tool to benefit your favorite charity, with potential tax savings as a supplemental benefit to you. However, if tax savings are the priority, then you may be disappointed in the amount of the total potential tax savings.
- **Asset selection** – Some assets are not recommended for use with a CRT. Please consult with your financial professional to determine if an asset you are considering to transfer to a CRT is appropriate.
- **Irrevocable gift** – Although you may retain the income from the reinvested asset you give away, the gift you make to the CRT is irrevocable.
- **Trust expenses** – Due to trust administrative expenses, a CRT may not be appropriate if small gifts are made.
- **Strict rules and limitations** – To preserve the favorable tax treatment associated with making charitable gifts, certain rules and limitations apply. Generally, there are limits on the tax deductions, types of assets that can be transferred, types of charities that may benefit, and amount and types of contributions that can be made. For example:
  - Gifting a business could cause unrelated business taxable income (UBTI).
  - Gifting encumbered (i.e., with debt) assets can cause UBTI. If debt is greater than cost basis, then tax is triggered on contribution.
  - Gifting encumbered (i.e., with debt) real estate can trigger recapture of accelerated depreciation.

5. The income tax deduction is based on your Adjusted Gross Income (AGI) in the year that the gift is made, as well as the type of asset that is transferred and the type of charity that will benefit from the trust. The value of the gift is calculated on the §7520 rate (an IRS benchmark rate), the trust term and the trust income payments. See IRC §170(a); §664(e).

**Additional costs** - 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. There are legal costs associated with creating a trust.

**Insurance eligibility** – Life insurance eligibility will be based on financial and medical underwriting. The actual amount of insurance qualified for may differ from the illustrated values.

## Summary of rules and limitations

When you make a gift to a Charitable Remainder Trust, you may be able to take an income tax deduction for the gift. The deduction is limited, however, to a percentage of your Adjusted Gross Income (AGI). The deduction is further limited based on the type of property transferred to the trust, and the type of charity that will benefit.<sup>6</sup>

### Charitable income tax deduction limitations - summary

Gift of:	Adjusted Gross Income (AGI) Percentage Limitation	
	Public Charity	Private Charity
Cash	60% through 2025, then 50%	30%
Ordinary Income Property	50%	30%
Capital Gain Property	30%	20%

- Generally, cash or marketable securities gifts made to a public charity may provide a higher potential income tax deduction.
- Excess deductions can generally be carried forward for five additional tax years, but will continue to be limited to the AGI percentage limitation applicable to the original contribution.
- If appreciated property, qualifying for capital gain treatment (i.e., held for more than one year), is transferred to a public charity, the deduction is limited to either 30% of AGI based on the fair market value (FMV) of the property or 50% of AGI if an election is made to use cost basis. If the election to use cost basis is made, then no carryover of unused deduction is allowed. However, if the capital gain property is transferred to a private charity, the deduction is limited to 20% of AGI based on the FMV of the property (no election to use cost basis is available).

6. This is only a summary. It is possible that you may not be eligible for a tax deduction. Therefore, it is important that you consult with your tax professional about how the rules and limitations apply to your situation.

## Charitable Remainder Trust (CRT) Planning with Insurance

The following pages graphically illustrate the purchase of life insurance insuring you or you and your spouse using the after-tax income from your CRT. This page summarizes the CRT calculation results. Please refer to the accompanying pages for more details and to the glossary for a definition of the key terms used in this proposal.

### Charitable Remainder Annuity Trust (CRAT) calculations

Potential charitable deduction	
Total Interest	\$1,500,000
Remainder Interest	\$1,090,122
<b>Remainder Interest</b>	<b>\$409,878</b>
<b>Total Potential Charitable Deduction</b>	<b>\$409,878</b>
Donor's Deduction as Percentage of Amount Transferred	27.325%
<i>Realizing this deduction fully will depend on 1) passing the tests and 2) your annual adjusted gross income</i>	
<b>Total projected potential deduction using AGI (if tests are passed)</b>	<b>\$409,878</b>
Applicable tests	
<b>10% Remainder Test Result</b>	<b>PASS</b>
<b>Probability of Exhaustion Test Result</b>	<b>PASS</b>
<b>Probability of Exhaustion</b>	<b>4.54%</b>
<b>Annuity Subject to Exhaustion (Rev. Rul. 77-454 &amp; §7520 Regs)</b>	<b>NO</b>

Ending values	
Years of Life Expectancy	23
Duration Calculation Method	Auto
Years of Trust Duration	23
Cumulative Gross Annuity Payments	\$2,288,195
Growth Rate of Principal	9.00%
Ending Principal	\$3,969,305
Payment information	
Type of Payment Rate	Fixed
Annuity Payment Rate	6.63245%
Annuity Payment Period	Annual
Annuity Payment Timing	End of Year
Annuity Factor	10.957463
Annuity Payment Per Year	\$99,486.75
Mortality Table (for annuity calculations)*	2010CM
Spouse is Income Beneficiary	No

General information	
Type of Trust	Single Life
Date of Transfer	12/14/2023
Section 7520 Rate	5.40%
Beginning Principal	1,500,000
Cost Basis	300,000
Trust Term	23
Nearest Age of Life 1	65
Nearest Age of Life 2	N/A
Adjusted Gross Income (before CRT income)	350,000
Income Tax Rate (Ordinary Income)	40.00%
Capital Gain Tax Rate	20.00%
Type of Charity	Public
Type of Asset	Public stock
Name of the Charity	The Charity

\* Treasury Regulations require the use of IRS mortality tables in valuing annuities, interests for life or terms of years, and remainder or reversionary interests. These tables are updated in accordance with IRC Section 7520(c)(3) and are used in the calculations of this module. The most recent table published is the 2010CM.

## Charitable Remainder Annuity Trust (CRAT) Cash Flow

Year	Trust Balance BOY	Trust Growth	Trust Income	Trust Balance	Tax on Income	Net Income
1	1,500,000	135,000	99,487	1,535,513	34,897	64,589
2	1,535,513	138,196	99,487	1,574,223	35,252	64,234
3	1,574,223	141,680	99,487	1,616,416	35,640	63,847
4	1,616,416	145,477	99,487	1,662,407	36,062	63,425
5	1,662,407	149,617	99,487	1,712,537	36,521	62,965
6	1,712,537	154,128	99,487	1,767,178	37,023	62,464
7	1,767,178	159,046	99,487	1,826,737	37,569	61,918
8	1,826,737	164,406	99,487	1,891,657	38,165	61,322
9	1,891,657	170,249	99,487	1,962,419	38,814	60,673
10	1,962,419	176,618	99,487	2,039,550	39,522	59,965
11	2,039,550	183,560	99,487	2,123,623	39,795	59,692
12	2,123,623	191,126	99,487	2,215,262	39,795	59,692
13	2,215,262	199,374	99,487	2,315,149	39,795	59,692
14	2,315,149	208,363	99,487	2,424,026	39,795	59,692
15	2,424,026	218,162	99,487	2,542,702	39,795	59,692
16	2,542,702	228,843	99,487	2,672,058	39,795	59,692
17	2,672,058	240,485	99,487	2,813,056	39,795	59,692
18	2,813,056	253,175	99,487	2,966,745	39,795	59,692
19	2,966,745	267,007	99,487	3,134,265	39,795	59,692
20	3,134,265	282,084	99,487	3,316,862	39,795	59,692
21	3,316,862	298,518	99,487	3,515,893	39,795	59,692
22	3,515,893	316,430	99,487	3,732,837	39,795	59,692
23	3,732,837	335,955	99,487	3,969,305	39,795	59,692
24	3,969,305	357,237	99,487	4,227,056	39,795	59,692
25	4,227,056	380,435	99,487	4,508,004	39,795	59,692
26	4,508,004	405,720	99,487	4,814,238	39,795	59,692
27	4,814,238	433,281	99,487	5,148,032	39,795	59,692
28	5,148,032	463,323	99,487	5,511,869	39,795	59,692
29	5,511,869	496,068	99,487	5,908,450	39,795	59,692
30	5,908,450	531,761	99,487	6,340,724	39,795	59,692
31	6,340,724	570,665	99,487	6,811,902	39,795	59,692
32	6,811,902	613,071	99,487	7,325,487	39,795	59,692
33	7,325,487	659,294	99,487	7,885,294	39,795	59,692
34	7,885,294	709,676	99,487	8,495,483	39,795	59,692
35	8,495,483	764,593	99,487	9,160,590	39,795	59,692
36	9,160,590	824,453	99,487	9,885,556	39,795	59,692
37	9,885,556	889,700	99,487	10,675,770	39,795	59,692
38	10,675,770	960,819	99,487	11,537,102	39,795	59,692
39	11,537,102	1,038,339	99,487	12,475,955	39,795	59,692
40	12,475,955	1,122,836	99,487	13,499,304	39,795	59,692
41	13,499,304	1,214,937	99,487	14,614,754	39,795	59,692



Year	Trust Balance BOY	Trust Growth	Trust Income	Trust Balance	Tax on Income	Net Income
42	14,614,754	1,315,328	99,487	15,830,595	39,795	59,692
43	15,830,595	1,424,754	99,487	17,155,862	39,795	59,692
44	17,155,862	1,544,028	99,487	18,600,403	39,795	59,692
45	18,600,403	1,674,036	99,487	20,174,953	39,795	59,692
46	20,174,953	1,815,746	99,487	21,891,212	39,795	59,692
47	21,891,212	1,970,209	99,487	23,761,934	39,795	59,692
48	23,761,934	2,138,574	99,487	25,801,021	39,795	59,692
49	25,801,021	2,322,092	99,487	28,023,626	39,795	59,692
50	28,023,626	2,522,126	99,487	30,446,266	39,795	59,692
51	30,446,266	2,740,164	99,487	33,086,943	39,795	59,692
52	33,086,943	2,977,825	99,487	35,965,281	39,795	59,692
53	35,965,281	3,236,875	99,487	39,102,670	39,795	59,692
54	39,102,670	3,519,240	99,487	42,522,424	39,795	59,692
55	42,522,424	3,827,018	99,487	46,249,955	39,795	59,692
56	46,249,955	4,162,496	99,487	50,312,964	39,795	59,692
<b>Total</b>		<b>54,384,222</b>	<b>5,571,258</b>		<b>2,200,021</b>	<b>3,371,237</b>

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.

## Charitable Remainder Annuity Trust (CRAT) Net Cash Flow

Year	Trust Income EOY	Trust Balance EOY	Tax on Income EOY	Net Income	Potential Tax Deduction is \$409,878*	Potential Tax Savings	Net Cash Flow from Trust	Life Insurance Premium	Net Cash Flow from Trust Net of Premium
1	99,487	1,535,513	34,897	64,589	134,846	53,938	118,528	30,482	88,046
2	99,487	1,574,223	35,252	64,234	134,846	53,938	118,173	30,482	87,691
3	99,487	1,616,416	35,640	63,847	134,846	53,938	117,786	30,482	87,304
4	99,487	1,662,407	36,062	63,425	5,340	2,136	65,561	30,482	35,079
5	99,487	1,712,537	36,521	62,965	0	0	62,965	30,482	32,483
6	99,487	1,767,178	37,023	62,464	0	0	62,464	30,482	31,982
7	99,487	1,826,737	37,569	61,918	0	0	61,918	30,482	31,436
8	99,487	1,891,657	38,165	61,322	0	0	61,322	30,482	30,840
9	99,487	1,962,419	38,814	60,673	0	0	60,673	30,482	30,191
10	99,487	2,039,550	39,522	59,965	0	0	59,965	30,482	29,483
11	99,487	2,123,623	39,795	59,692	0	0	59,692	30,482	29,210
12	99,487	2,215,262	39,795	59,692	0	0	59,692	30,482	29,210
13	99,487	2,315,149	39,795	59,692	0	0	59,692	30,482	29,210
14	99,487	2,424,026	39,795	59,692	0	0	59,692	30,482	29,210
15	99,487	2,542,702	39,795	59,692	0	0	59,692	30,482	29,210
16	99,487	2,672,058	39,795	59,692	0	0	59,692	30,482	29,210
17	99,487	2,813,056	39,795	59,692	0	0	59,692	30,482	29,210
18	99,487	2,966,745	39,795	59,692	0	0	59,692	30,482	29,210
19	99,487	3,134,265	39,795	59,692	0	0	59,692	30,482	29,210
20	99,487	3,316,862	39,795	59,692	0	0	59,692	30,482	29,210
21	99,487	3,515,893	39,795	59,692	0	0	59,692	30,482	29,210
22	99,487	3,732,837	39,795	59,692	0	0	59,692	30,482	29,210
23	99,487	3,969,305	39,795	59,692	0	0	59,692	30,482	29,210
24	99,487	4,227,056	39,795	59,692	0	0	59,692	30,482	29,210
25	99,487	4,508,004	39,795	59,692	0	0	59,692	30,482	29,210
26	99,487	4,814,238	39,795	59,692	0	0	59,692	30,482	29,210
27	99,487	5,148,032	39,795	59,692	0	0	59,692	30,482	29,210
28	99,487	5,511,869	39,795	59,692	0	0	59,692	30,482	29,210
29	99,487	5,908,450	39,795	59,692	0	0	59,692	30,482	29,210
30	99,487	6,340,724	39,795	59,692	0	0	59,692	30,482	29,210
31	99,487	6,811,902	39,795	59,692	0	0	59,692	30,482	29,210
32	99,487	7,325,487	39,795	59,692	0	0	59,692	30,482	29,210
33	99,487	7,885,294	39,795	59,692	0	0	59,692	30,482	29,210
34	99,487	8,495,483	39,795	59,692	0	0	59,692	30,482	29,210
35	99,487	9,160,590	39,795	59,692	0	0	59,692	30,482	29,210
36	99,487	9,885,556	39,795	59,692	0	0	59,692	30,482	29,210
37	99,487	10,675,770	39,795	59,692	0	0	59,692	30,482	29,210
38	99,487	11,537,102	39,795	59,692	0	0	59,692	30,482	29,210
39	99,487	12,475,955	39,795	59,692	0	0	59,692	30,482	29,210



Year	Trust Income EOY	Trust Balance EOY	Tax on Income EOY	Net Income	Potential Tax Deduction is \$409,878*	Potential Tax Savings	Net Cash Flow from Trust	Life Insurance Premium	Net Cash Flow from Trust Net of Premium
40	99,487	13,499,304	39,795	59,692	0	0	59,692	30,482	29,210
41	99,487	14,614,754	39,795	59,692	0	0	59,692	30,482	29,210
42	99,487	15,830,595	39,795	59,692	0	0	59,692	30,482	29,210
43	99,487	17,155,862	39,795	59,692	0	0	59,692	30,482	29,210
44	99,487	18,600,403	39,795	59,692	0	0	59,692	30,482	29,210
45	99,487	20,174,953	39,795	59,692	0	0	59,692	30,482	29,210
46	99,487	21,891,212	39,795	59,692	0	0	59,692	30,482	29,210
47	99,487	23,761,934	39,795	59,692	0	0	59,692	30,482	29,210
48	99,487	25,801,021	39,795	59,692	0	0	59,692	30,482	29,210
49	99,487	28,023,626	39,795	59,692	0	0	59,692	30,482	29,210
50	99,487	30,446,266	39,795	59,692	0	0	59,692	30,482	29,210
51	99,487	33,086,943	39,795	59,692	0	0	59,692	30,482	29,210
52	99,487	35,965,281	39,795	59,692	0	0	59,692	30,482	29,210
53	99,487	39,102,670	39,795	59,692	0	0	59,692	30,482	29,210
54	99,487	42,522,424	39,795	59,692	0	0	59,692	0	59,692
55	99,487	46,249,955	39,795	59,692	0	0	59,692	0	59,692
56	99,487	50,312,964	39,795	59,692	0	0	59,692	0	59,692
<b>Total</b>	<b>5,571,258</b>		<b>2,200,021</b>	<b>3,371,237</b>	<b>409,878</b>	<b>163,951</b>	<b>3,535,188</b>	<b>1,615,546</b>	<b>1,919,642</b>

\*The deduction is limited based on the donor's Adjusted Gross Income (AGI), the type of property transferred to the Charitable Remainder Trust, and the type of charity to receive the gift. Generally, gifts of property made to a public charity result in higher deductions (although using the Special Election may significantly reduce the total potential deduction). Gifts made to private charities can result in significant limitation of the deduction, depending on the type of property transferred, such as ordinary income property, life insurance, annuities, long term bonds and closely-held stock. Moreover, JH Solutions has increased the AGI by the amount of income generated from the CRT in order to apply the AGI limitation on the deduction calculated.

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## Policy details

**Product:** Protection UL 22

**Initial Premium:** \$30,482

**Initial Death Benefit:** \$1,500,000

**Insured(s):** Sample

Male, Age 65, Preferred NonSmoker, Vitality Status Bronze

Life expectancy assumed: Sample - 23 years

Year	Premium	Cash Surrender Value	Death Benefit	Internal Rate of Return
1	30,482	0	1,500,000	4,820.94%
2	30,482	0	1,500,000	553.27%
3	30,482	0	1,500,000	227.71%
4	30,482	3,232	1,500,000	132.07%
5	30,482	21,712	1,500,000	89.11%
6	30,482	41,571	1,500,000	65.37%
7	30,482	61,598	1,500,000	50.54%
8	30,482	81,718	1,500,000	40.50%
9	30,482	101,808	1,500,000	33.31%
10	30,482	121,798	1,500,000	27.93%
11	30,482	142,170	1,500,000	23.78%
12	30,482	162,496	1,500,000	20.50%
13	30,482	183,229	1,500,000	17.84%
14	30,482	204,313	1,500,000	15.65%
15	30,482	225,751	1,500,000	13.83%
16	30,482	247,595	1,500,000	12.28%
17	30,482	269,515	1,500,000	10.96%
18	30,482	291,480	1,500,000	9.82%
19	30,482	313,416	1,500,000	8.83%
20	30,482	335,536	1,500,000	7.96%
21	30,482	355,409	1,500,000	7.20%
22	30,482	374,832	1,500,000	6.52%
23	30,482	393,725	1,500,000	5.91%
24	30,482	412,171	1,500,000	5.37%
25	30,482	430,270	1,500,000	4.88%
26	30,482	448,507	1,500,000	4.43%
27	30,482	467,262	1,500,000	4.03%
28	30,482	487,083	1,500,000	3.67%
29	30,482	508,663	1,500,000	3.33%
30	30,482	533,189	1,500,000	3.02%
31	30,482	540,869	1,500,000	2.74%
32	30,482	547,723	1,500,000	2.48%
33	30,482	554,048	1,500,000	2.24%
34	30,482	559,306	1,500,000	2.02%

Year	Premium	Cash Surrender Value	Death Benefit	Internal Rate of Return
35	30,482	563,085	1,500,000	1.82%
36	30,482	565,535	1,500,000	1.63%
37	30,482	567,353	1,500,000	1.45%
38	30,482	569,540	1,500,000	1.28%
39	30,482	573,857	1,500,000	1.13%
40	30,482	582,326	1,500,000	0.98%
41	30,482	579,590	1,500,000	0.85%
42	30,482	576,428	1,500,000	0.72%
43	30,482	572,656	1,500,000	0.60%
44	30,482	568,678	1,500,000	0.49%
45	30,482	564,154	1,500,000	0.38%
46	30,482	566,002	1,500,000	0.28%
47	30,482	566,230	1,500,000	0.19%
48	30,482	564,967	1,500,000	0.10%
49	30,482	562,774	1,500,000	0.02%
50	30,482	558,965	1,500,000	-0.06%
51	30,482	552,351	1,500,000	-0.14%
52	30,482	540,865	1,500,000	-0.21%
53	30,482	520,919	1,500,000	-0.28%
54	0	455,584	1,500,000	-0.27%
55	0	342,127	1,500,000	-0.26%
56	0	145,108	1,500,000	-0.25%
<b>Total</b>	<b>1,615,546</b>			

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.

## Glossary

**Adjusted Gross Income:** Your current adjusted gross income (AGI) before the income from the CRT is added. The AGI is used to estimate the potential tax deduction you may have available from the CRT.

**Annuity Payout Rate:** The rate used for the payout of income to either you or another non-charitable income beneficiary.

**BOY:** Values at the beginning of the year.

**Capital Gain Rate:** Your tax rate on capital gain assets.

**Cash Surrender Value:** The projected cash value of the life insurance policy in any year.

**Charitable Remainder Trust Calculations page:** To preserve the favorable tax treatment associated with making charitable gifts, certain rules and limitations apply when establishing a CRT. Although these rules and limitations are technical in nature and are beyond the scope of this presentation, this page illustrates the calculations underlying the allowable percentage payouts from the CRT, the potential tax deduction that may be available when establishing the trust, and the applicable tests that must be passed to protect the charity's interest, based on the assumptions used. If any of the assumptions change, the calculations may change significantly. This page may be helpful as a reference to you and your financial professional as you review the various ways to design the CRT for your situation.

**CRT:** Charitable Remainder Trust

**Death Benefit:** The projected death benefit of the life insurance policy in any year.

**EOY:** Values at the end of the year.

**Income Tax Rate:** Your tax rate on ordinary income assets.

**Internal Rate of Return:** The rate of return of the life insurance death benefit based on the premium paid.

**Net Cash Flow from Trust Net of Premium:** Net Cash Flow from Trust Net of Premium: The net cash flow from the CRT, including the potential tax savings, less the payment of premiums due on the insurance policy.

**Net Cash Flow from Trust:** The net income generated from the CRT, including the potential tax savings from the assumed deduction.

**Net Income:** The net income, after tax, received by you or another non-charitable income beneficiary from the CRT.

**Potential Tax Deduction:** You may be able to deduct the gift you make to charity on your income taxes. However, the deduction will be based on your adjusted gross income (AGI), the type of asset you transfer to the charity, the type of charity that will benefit from the gift, and the remainder calculated to pass to the charity. The system simply calculates the potential income tax deduction that may be available, based on the assumptions used. You will need to rely on your financial professional to determine the amount of the deduction, if any, that may be available.

**Potential Tax Savings:** This is the amount of your potential tax savings based on the tax rates used applied to the potential tax deduction.

**Premium:** The annual amount paid for the life insurance policy

**Remainder Interest:** The amount that will ultimately pass to the charity from the CRT in the future. This amount is calculated at the time the CRT is created. Your potential charitable tax deduction from the CRT is limited to this amount, but could be lower based on other factors.

**Tax on Income:** The tax paid on the income you or another noncharitable income beneficiary receive from the CRT. The tax could be a combination of ordinary income tax and capital gains tax based on the assumptions used.

**Trust Balance:** The balance of the assets in the CRT at either the beginning of the year or the end of the year based on the income paid and the growth added.

**Trust Growth:** The growth of the assets in the CRT based on the assumptions used.

**Trust Income:** The income that is paid from the CRT to either you or another non-charitable income beneficiary based on the annuity payout rate used.

**Trust Values:** A CRT provides an income stream which is taxed based on a four-tier system. When the CRT assets are reinvested, the income that is paid out from the trust to you, or another non-charitable income beneficiary, is characterized for tax purposes in the following order, based on the investment performance of the assets: ordinary income, realized capital gain, long-term capital gain, tax-exempt and return of principal. Therefore, the trust values illustrated on the ledger pages are broken down by how the income generated from the trust is characterized in terms of ordinary income, capital gain income, realized or short-term capital gain income, exempt income and return of principal.

**Wealth Replacement Trust (WRT):** The client creates a WRT, which is an Irrevocable Life Insurance Trust (ILIT), to purchase life insurance. The death benefit is sometimes equal to, or greater than, the Asset Fair Market Value. The purpose of the insurance is to replace the value of the asset for the heirs, who would have received the asset at the client's death if it had not been transferred to the CRT.

## Important disclosures

The policy contains specific exclusions, limitations, terms for keeping it in force, and termination provisions. Its availability and terms may vary by state. Contact your licensed agent or John Hancock for further details, as well as additional information on policy costs and features. This presentation is a planning tool designed to assist you in exploring the advantages of life insurance. However, this presentation is not intended to be a retirement/benefit or estate plan, nor is it a specific recommendation for a retirement/benefit or estate plan.

This material is for informational purposes only. Although many of the topics presented may also involve legal, tax, accounting or other issues, neither John Hancock nor any of its agents, employees, or registered representatives are in the business of offering such advice, and this presentation and any other oral or written communication should not be construed as such. Individuals interested in these topics should consult their own financial professionals to examine tax, legal, accounting, or financial planning aspects of this topic. As you explore your planning needs with your legal and tax professionals, we hope that you find this analysis useful.

John Hancock does not guarantee the accuracy of the system or the output. John Hancock will not be liable for any damages arising from the use or misuse of this software or from any errors or omissions in the same. John Hancock assumes no duty to update this software or to provide notice of any errors in the software or applicable changes in the law. 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.

This presentation 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. Withdrawals and loans from life insurance policies have the effect of reducing the death benefit and cash surrender value and may cause the policy to lapse. Surrender or lapse of the policy can cause loss of death benefit and adverse income tax consequences.

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

This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material. All information and materials provided by John Hancock are to support the marketing and sale of our products and services, and are not intended to be impartial advice or recommendations. John Hancock and its representatives will receive compensation from such sales or services. Anyone interested in these transactions or topics may want to seek advice based on his or her particular circumstances from independent professionals.

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

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INSURANCE PRODUCTS   MAY LOSE VALUE	NOT A DEPOSIT
NOT BANK GUARANTEED   NOT FDIC INSURED	
NOT INSURED BY ANY GOVERNMENT AGENCY	

# Life Insurance with Vitality PLUS

At John Hancock, we believe in helping people live longer, healthier lives. With the John Hancock Vitality Program, you'll be rewarded for the everyday things you do to be healthy, like exercising, eating well, and getting annual check-ups.

## Vitality PLUS offers

- **Premium savings for engaging in the program**
- **An Apple Watch for as little as \$25 plus tax** by exercising regularly, or choose another complimentary or discounted device<sup>1</sup>
- **Savings on eligible healthy food items** at the grocery store<sup>2</sup>
- **Exclusive discounts** when you book hotel stays through Expedia<sup>®3</sup>
- **A complimentary 12-month subscription to Headspace<sup>®</sup>**
- **A one-year Amazon Prime membership** when you reach Platinum Status three years in a row
- **Access to the Galleri<sup>®</sup> multi-cancer early detection test** from GRAIL for eligible customers<sup>4</sup>
- **Entertainment, shopping, and other great rewards**

Vitality PLUS is all about personal choice. You choose how to earn points, set your own goals, and watch your rewards start to add up.

Once your life insurance policy is issued, you can register for the program on the John Hancock Vitality member website and order your Apple Watch or other device. Then you'll be ready to start earning points, getting rewarded and saving money with John Hancock Vitality.

## It's easy and fun



### Earn Vitality Points

for everyday healthy activities like walking, getting a good night's rest, and buying fresh fruits and veggies



### Achieve a Vitality Status

(Bronze, Silver, Gold, or Platinum) based on the number of points you earn



### Get rewarded

for your healthy choices with savings and discounts



## Premiums at various status levels

The table below is a hypothetical comparison of what your Protection UL premiums would be at each of the four Vitality Status levels, keeping all other assumptions constant from your basic illustration.

MALE, 65, PREFERRED NONSMOKER, \$1,500,000, PREMIUMS PAID FOR 53 YEARS

Assumed Status	Annualized Premium	Guaranteed Death Benefit Protection Duration
Bronze	\$30,482	20
Silver	\$29,496	19
Gold	\$27,920	19
Platinum	\$27,364	19

This presentation is not intended to predict actual performance, and not all benefits and values are guaranteed. The assumptions on which the nonguaranteed elements are based are subject to change by the insurer, including the Status Qualification requirements. Actual results may be more or less favorable. This presentation is not valid unless presented with a complete basic illustration which explains guaranteed and non-guaranteed elements. Additional illustrations showing various Assumed Statuses can be obtained from your insurance producer. The figures above assume the particular Vitality Status is achieved in all years.

## Meeting policy objectives with LifeTrack

You may also choose one of two billing options for your life insurance policy with Vitality PLUS:

### Traditional billing

With traditional billing, you'll receive a premium notice each year based on the planned premium outlined in your policy. Since this planned premium won't change with interest rates and other policy assumptions, your policy could perform in a way that differs from your insurance objectives.

### LifeTrack

LifeTrack is an optional and complimentary service, where for Universal Life insurance policies (excluding Indexed Universal Life) your billed premium automatically adjusts each policy year based on changes in interest rates and other policy assumptions, helping you pay the premium that will keep you on track to achieve your insurance objectives. For Indexed Universal Life insurance policies your billed premium will remain your planned premium; however, you will receive information each year about other premium amounts you may wish to pay to keep you on track to achieve your insurance objectives.

1. Apple Watch program is not available in New York or Puerto Rico. Apple Watches ordered through John Hancock Vitality may not be shipped to addresses in Guam. Once you become a Vitality PLUS member and complete the Vitality Health Review (VHR), you can order Apple Watch by electronically signing, at checkout, a Retail Installment Agreement with the Vitality Group, for the retail price of the watch. After an initial payment of \$25 plus tax, over the next two years, monthly out of pocket payments are based on the number of Standard Workouts (10,000 to 14,999 steps) and Advanced Workouts (15,000 steps) or the applicable Active Calorie or heart rate thresholds. The step counts required for Standard and Advanced Workouts are reduced for members beginning at age 71+. One-time upgrade fees plus taxes apply if you choose (GPS + Cellular) versions of Apple Watch, larger watch case sizes, certain bands and case materials. For more information, please visit [www.JohnHancockInsurance.com](http://www.JohnHancockInsurance.com). Apple is not a participant in or sponsor of this promotion. Apple Watch is a registered trademark of Apple Inc. All rights reserved.

2. HealthyFood savings are based on qualifying purchases and may vary based on the terms of the John Hancock Vitality Program. The HealthyFood program is currently not available in Guam.

3. Travel discounts valid for 3 bookings per program year. The amount of discount will vary based upon policy type, coverage amount, and the Vitality Member's Vitality status (Bronze, Silver, Gold, Platinum) and will only apply to the first \$1000 of the booking cost.

4. The Galleri test is only available to registered John Hancock Vitality PLUS members who are 50 years of age or older and have completed the Vitality Health Review (VHR) for the current program year. For eligible policies with coverage amounts of \$500,000 or greater, 100% of the cost of the test will be subsidized. For policies with less than \$500,000 in coverage, 50% of the cost of the test will be subsidized. Please note: for members with multiple policies, the policy with the highest face amount will determine the subsidy amount of the Galleri offer. The offer of discounted access to the Galleri test is subject to change. Access to the Galleri test through the John Hancock Vitality Program is not currently available in all states. The Galleri test is manufactured and distributed by GRAIL, LLC. John Hancock does not provide medical advice, is not involved in the design or manufacture of the Galleri test and is not responsible for the accuracy or performance of the Galleri test.

Please consult a financial representative as to how premium savings may affect the policy you purchase.

The life insurance policy describes coverage under the policy, exclusions and limitations, what you must do to keep your policy in force, and what would cause your policy to be discontinued. Please contact a licensed agent or John Hancock for more information, costs, and complete details on coverage.

Products or services offered under the Vitality Program are not insurance and are subject to change. There may be additional costs associated with these products or services and there are additional requirements associated with participation in this program. For more information, please contact the company at [JohnHancockInsurance.com](http://JohnHancockInsurance.com) or via telephone at 888-333-2659.

For the purposes of this presentation it is assumed that you are both the policy owner and the Life Insured. If you are not both the policy owner and the Life Insured, the discounts and rewards will be provided only to the Life Insured to encourage participation in the program. Status is attained based on the actions of the life insured only.

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

Rewards, discounts and point earning activities are subject to change and are not guaranteed for the life of the policy.

Premium Savings will apply based on the Status attained by the life insured.

This presentation is not valid unless presented with a complete basic illustration. Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116.

Policy Form Series:  
ICC21 22PROUL, 22PROUL  
Rider Form Series:  
20HER, ICC19 20HER, 20HER(10/2021)

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy  
Valuable Information About Your Life Insurance Illustration

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample	Initial Death Benefit \$1,500,000
Male - Preferred NonSmoker	Face Amount \$1,500,000
Age: 65	Initial Planned Premium: \$30,482.00 / Billing Mode: Annual
Initial Assumed Status: Bronze	Death Benefit Option 1; Cash Value Accumulation Test
	State: Michigan
	Based on Current Charges and an Initial Current Rate of 4.95%

### Protection Universal Life Insurance

#### About This Illustration

This illustration is intended to assist you in understanding how your policy may perform over time given a specified set of assumptions applied to the features of the policy. The illustration is not intended to predict your actual policy performance.

**Certain values shown in this illustration are guaranteed, and other values are not guaranteed. Unless otherwise stated, amounts credited and other values set forth in this illustration are not guaranteed.**

Your policy's guaranteed values are determined at policy issue and are guaranteed not to change over the life of the policy. Non-guaranteed values may change from time-to-time in response to actions that you or the insured take, or changes that we make. For example, the interest rate credited to the Fixed Account may exceed the guaranteed rate, and monthly charges may be less than their corresponding maximum guaranteed charges. Illustrated values that are based upon non-guaranteed assumptions may be more favorable to you than the values shown based upon guaranteed assumptions.

**We recommend that you review your policy's performance periodically to ensure you are on track to meet your goals. We also suggest you request in force illustrations from time to time which will also provide you with an updated projection of policy performance. You should review these documents with your financial professional.**

This illustration is not a contract and will not become part of the policy. Descriptions provided in this illustration summarize some of the policy features; however, it does not supersede, nor should it be considered a substitute for, the policy contract. The policy constitutes the actual agreement of coverage and contains the entire terms of the contract. Capitalized terms referred to in this illustration have the meanings given in this illustration or in the policy contract.

The information provided by John Hancock to you or your financial professionals in connection with this sale is not intended as tax, legal, or investment advice or a recommendation to purchase John Hancock products and services. John Hancock and its representatives will receive compensation derived from such sales or services.

#### Brief Description of the Policy

The Protection Universal Life Insurance policy which you are considering provides death benefit protection and premium payment flexibility. Actions you or the insured take can affect your policy and the premium required to maintain coverage, such as:

- The amount and timing of premiums you pay
- Any loans, withdrawals, or material changes you make to your policy
- The insured's achieving, or not achieving, a certain Status level in regard to your policy's Healthy Engagement benefit

Your policy can also be affected by:

- Changes that we make to the current declared interest rate of the Fixed Account
- Changes to the current Cost of Insurance rates
- Changes to the qualification requirements for a Status level in regard to your policy's Healthy Engagement benefit

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL Form: 22PROUL

Valuable Information About Your Life Insurance Illustration (cont'd)

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

### Premiums You Pay

One of the advantages of Protection Universal Life Insurance is premium payment flexibility, allowing you to vary the amount and frequency of your payments as long as the premiums you pay, less premium charges, and interest amounts credited to your policy are sufficient to cover the Monthly Deductions and any other charges. Premiums are subject to maximum guidelines allowed by the Internal Revenue Code, and premium payments in excess of the Planned Premium are subject to our approval. Policy loans, withdrawals or changes in crediting rates to the Fixed Account could necessitate additional premium payments to maintain your insurance coverage. Premium limits and requirements may change after issue if unscheduled changes are made or if planned changes are made at different times than originally assumed.

This illustration assumes an initial Planned Premium of \$30,482.00 and that all subsequent premium payments are made at the beginning of each modal period you selected (e.g., monthly, annually). Paying less than the Planned Premium can have a negative impact on the policy and its guarantees. Reduced or discontinued premiums in future years are only possible if the premiums paid and amounts credited are sufficient to cover the Monthly Deduction and any other charges. The Minimum Initial Premium is shown on the Basic Illustration Summary page and is the minimum premium needed to put the policy in force.

Based on the initial Death Benefit and other policy assumptions shown in the illustration, the level annual premium to guarantee coverage for life is \$57,147.81. Premiums are subject to maximum guidelines allowed by the Internal Revenue Code.

### Your Death Benefit

This illustration reflects an initial Death Benefit of \$1,500,000 (Option 1). The initial Death Benefit is composed of \$1,500,000 in Face Amount. The Net Death Benefit reflects the reduction of the Death Benefit by any Policy Debt (total loans plus any loan interest due).

This policy illustration shows the Death Benefit Protection feature guaranteeing the policy death benefit to the Life Insured's attained age 85.

As long as the Death Benefit Protection feature is in effect, your policy cannot lapse even if the Net Cash Surrender Value falls to zero or below. The Death Benefit Protection feature will stay in effect as long as the reference value called the Net Death Benefit Protection Value is greater than zero.

The Death Benefit Protection Value is a reference value and is only used to determine whether or not the Death Benefit Protection feature will stay in effect. The policy owner cannot access this reference value.

Like your Policy Value, the Death Benefit Protection Value is directly affected by the timing and amounts of premiums paid. To ensure that you have the Death Benefit Protection feature in effect for the period illustrated, it is important that premium payments are paid when they are due, otherwise your policy may lapse. For purposes of calculating your Death Benefit Protection Value, we will apply premiums retroactively to the beginning of the policy month in which they are received. Death benefit option changes, loans, withdrawals, rider termination or change, and/or face amount decreases will also affect the Death Benefit Protection feature. If a policy loan is outstanding, the Death Benefit Protection feature will not prevent your policy from lapsing if the Net Policy Value falls to zero. The Death Benefit Protection Feature cannot be reinstated after it lapses.

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy  
Valuable Information About Your Life Insurance Illustration (cont'd)

Protection UL Form: 22PROUL  
Presented By: Advanced Markets

### Illustration Assumptions

Sample Male - Preferred NonSmoker  
Age: 65  
Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000  
Face Amount \$1,500,000  
Initial Planned Premium: \$30,482.00 / Billing Mode: Annual  
Death Benefit Option 1; Cash Value Accumulation Test  
State: Michigan  
Based on Current Charges and an Initial Current Rate of 4.95%

### Your Policy Values and Interest Credits

Interest is illustrated at an initial assumed effective annual rate of 4.95%. We determine the rate of interest to be credited to the Policy Value based on our assessment of investment yields and other considerations as outlined in your policy. The current rate may increase or decrease, but at no point will the interest credited to the policy be lower than the guaranteed annual rate of 1%.

There is a guaranteed Persistency Bonus that is applied to the then current credited interest rate for contracts still in force at the beginning of Policy Year 6. The bonus will be 1.30% provided the current crediting rate is 2.00% or greater at that time. If the current crediting rate is less than 2% the bonus will be reduced proportionally to 0% as the current crediting rate approaches its guaranteed minimum crediting rate of 1%.

Our obligations under your policy are backed by our general account assets. In addition to fixed income investments, such as corporate bonds, we expect to invest a portion of the premiums received under this class of policies in equities and other longer-duration assets. This investment approach, which may be different from the mix expected with other universal life policies, is intended to produce results that would permit us to credit values that maximize your policy's performance over the longer term. However, this approach could also cause the policy to experience a higher degree of variability of results year-to-year relative to other universal life policies. It is important to review your annual statement and request periodic in-force illustrations to make sure your policy continues to meet your objectives.

Illustrations will be shown at the guaranteed minimum interest rate, and an assumed rate (or rates). An assumed illustrated rate will never be higher than the current rate, or lower than the guaranteed minimum rate. Values illustrated at the current or an assumed rate are not guarantees or estimates, but merely illustrate results on the basis of the selected assumption.

Changes in the rate of interest that we declare will affect the interest applied to your Policy Value. The table below shows how these changes could affect the continuation of your coverage, keeping other assumptions constant (including planned premiums, issue age, risk class and current charges):

Interest Rate Assumption	Attained Age at Lapse*
4.95% Initial Current Rate	N/A
4.45%	97
3.95%	93
3.45%	91
2.95%	89
2.45%	88
1.95%	87
1.45%	86
1.00% Minimum Rate	85

\* In this table, the attained age at lapse is hypothetical only, based upon the assumed factors, and is not guaranteed. For instance, the mortality charges used in these calculations are less than the maximum charges.

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy  
Valuable Information About Your Life Insurance Illustration (cont'd)

Protection UL Form: 22PROUL  
Presented By: Advanced Markets

### Illustration Assumptions

Sample	Initial Death Benefit \$1,500,000
Male - Preferred NonSmoker	Face Amount \$1,500,000
Age: 65	Initial Planned Premium: \$30,482.00 / Billing Mode: Annual
Initial Assumed Status: Bronze	Death Benefit Option 1; Cash Value Accumulation Test
	State: Michigan
	Based on Current Charges and an Initial Current Rate of 4.95%

### Accessing Your Policy Value

#### Surrenders

You can surrender your policy for its cash value at any time. We will pay you the Policy Value less a Surrender Charge and any Policy Debt you may have.

#### Withdrawals

After your policy has been in force for one year, you can make partial cash withdrawals. Withdrawals reduce the Policy Value and the Death Benefit, and the amount of the withdrawal may be subject to a Surrender Charge. If illustrated, withdrawals are assumed to be taken at the beginning of the month.

#### Loans

Policy loans may be taken against the Policy Value at any time. The maximum loan amount available is the policy's Cash Surrender Value at the time of request, less any existing Policy Debt, less Monthly Deductions through the remainder of the Policy Year, all multiplied by one minus the rate of Loan Interest Charged for a policy loan. Interest is charged on the outstanding Policy Debt, and in the event that you do not pay the Loan Interest Charged in any Policy Year, it will be borrowed against the policy and added to the Policy Debt in arrears at the Policy Anniversary.

If projected, policy loans are assumed to be taken at the beginning of the month, and the loan interest rate used in this policy illustration is shown in the Policy Summary.

The net cost of a Loan equals the Loan Interest Charged less the sum of the Loan Interest Credited to the Loan Account. The loan interest rate charged is guaranteed not to exceed 15.0%. Loan interest is payable in arrears. The Loan Interest Credited Differential is guaranteed not to exceed 1.25% in years 1-10 and 0.25% in years 11+.

### Other Policy Features and Benefits

#### Policy Continuation at Age 121

Provided your coverage is in effect on the policy anniversary nearest the date on which the Life Insured reaches attained age 121, coverage will continue thereafter. We will continue to credit interest to the Fixed Account. No additional charges, other than those for any outstanding policy loans, will be deducted.

Tax implications with respect to policies that continue beyond age 121 are not clear at the present time. We urge you to consult with your tax advisor regarding this issue.

#### Healthy Engagement Rider (Vitality PLUS)

The Healthy Engagement Rider provide the opportunity each year, beginning in policy year 2, to apply a Rider Credit to your Policy Value based on the Status achieved by the Life Insured. There are four Status levels: Bronze, Silver, Gold and Platinum. The achievement of a Status other than Bronze is dependent upon the Life Insured meeting certain Status Qualification Requirements in each year. On each Annual Processing Date, John Hancock will use the Life Insured's current Status as of that date to determine a schedule of Rider Credits that will be applied in the current policy year and the subsequent 19 policy years. The formula for determining Rider Credits is described in the policy and guaranteed not to change. The Status Qualification requirements may be changed, as described in the policy. Current Status Qualification Requirements can be found on [www.JohnHancockVitality.com](http://www.JohnHancockVitality.com).



# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Valuable Information About Your Life Insurance Illustration (cont'd)

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

The rider is available for an additional charge of \$2 per month deducted from your Policy Value. This charge will be deducted until the Life Insured attains age 80 and the policy has reached its 10th policy anniversary, or we receive a request to discontinue the rider regardless of whether the Life Insured participates in the program and any Rider Credits are added to the Policy Value. If you elect this rider, you may discontinue it at any time and the rider charge will no longer be deducted from your Policy Value. The rider charge will cease when the Life Insured attains age 80, but they may continue to earn a Status. At the earlier of attained age 80 or the discontinuation of this rider, no new Rider Credits will be earned, and all previously earned Rider Credits will continue to apply as described in the policy. This rider cannot be reinstated after discontinuation.

This illustration assumes the Life Insured achieves a Status of Bronze. Achieving a different Status will affect the amount of Rider Credits applied. Rider Credits are applied to the Policy Value, and may be used to reduce the amount of premium required to maintain coverage and/or increase the policy's Death Benefit Protection Value as reflected in the attained ages at lapse shown below.

This table shows how achieving different Statuses could affect the continuation of coverage, keeping other assumptions constant (including planned premiums, issue age, risk class, current charges, and assumed interest crediting rate):

Assumed Status (all years)	Attained Age at Lapse	
	Guaranteed Charges and Rate	Current Charges and Assumed Rate
Platinum	88	N/A
Gold	88	N/A
Silver	86	N/A
Bronze	85	N/A

\*The attained age at lapse is hypothetical and based on the same assumed premium payments and factors shown on the Basic Illustration Summary page.

This illustration includes a hypothetical scenario that assumes the Life Insured earns the illustrated status in all years assuming maximum charges and the guaranteed minimum crediting rate.

This illustration also includes a hypothetical scenario that assumes the Life Insured remains at Bronze status in all years and receives no Rider Credits. You may request additional illustrations with different assumptions to understand how a Status change can affect your policy.

John Hancock will treat the monthly rider charges as distributions from your life insurance policy for federal income tax purposes, and thus such charges may be includable in your taxable income if the policy is a MEC or the cost basis is \$0. If the policy is a MEC, a 10% penalty tax also may apply. See the "Taxation Of Life Insurance" section of this illustration for additional information. The value of some of the rewards such as gift cards and other cash equivalents may be includable in your taxable income and John Hancock would have to report them to the IRS on Form 1099-MISC if the combined value totals at least \$600 per year. Since the tax treatment of such benefits is subject to some uncertainty, you should consult your own tax advisor.

### TAXATION OF LIFE INSURANCE

#### Important Notice

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL Form: 22PROUL

Valuable Information About Your Life Insurance Illustration (cont'd)

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

The information contained in this illustration is based on certain tax and legal assumptions. We suggest that you seek professional tax counsel regarding the interpretation of current tax laws and accounting practices as they relate to your actual situation. 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.

### Definition of Life Insurance

Definition of Life Insurance testing has been performed on the assumed scale only and is dependent on the assumptions in that projection. It may not be applicable to the alternate projections shown.

In order to qualify for the income tax advantages of life insurance, a life insurance policy must satisfy one of two Definition of Life Insurance tests under Internal Revenue Code (IRC) Section 7702. This product uses the Cash Value Accumulation Test which requires that the Death Benefit be increased automatically, so that the Policy Value will never exceed the Net Single Premium for the Death Benefit.

The additional death benefit (described above) that is required in order to satisfy the Definition of Life Insurance is referred to as **Required Additional Death Benefit**.

### Income Tax Treatment of Distributions from a Life Insurance Policy

#### Pre-death Distributions

The Cash Surrender Value in a life insurance policy grows on a tax-deferred basis. The Cash Surrender Value growth (gain) is not taxed unless it is distributed to the policyholder. If properly structured, you can access your Cash Surrender Value to provide a tax-free income subject to the limitations described below.

A policyholder may access their Cash Surrender Value prior to death by surrendering the policy, by taking a withdrawal or by taking a loan. Certain rider charges are treated as distributions from the policy's Cash Surrender Value. If the policy is not a Modified Endowment Contract (described below), these pre-death distributions are generally treated as a return of the policyholder's investment in the contract (cost basis). Most distributions reduce the policyholder's investment in the contract (cost basis) until it has been reduced to \$0. Any further distributions would be considered to be paid from the gain in the policy and are includible in gross income.

Exceptions:

- A loan is not considered to be a distribution from the policy for tax purposes unless the policy lapses or is surrendered with an outstanding loan or the policy is a MEC. The outstanding loan is included in the Cash Surrender Value used for determining the gain in the policy, which may result in the loan being taxable upon surrender or lapse, even if net Cash Surrender Value paid to the policyholder at that time is \$0.
- Withdrawals in the first 15 years from heavily funded non-MECs are taxed on a gain-first basis under the recapture ceiling of IRC Section 7702(f)(7).

### Modified Endowment Contract (MEC)

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL Form: 22PROUL

Valuable Information About Your Life Insurance Illustration (cont'd)

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

The Technical and Miscellaneous Revenue Act (TAMRA) of 1988 classifies some policies as Modified Endowment Contracts (MECs). A policy is classified as a MEC if it fails to satisfy the 7-Pay Test of IRC section 7702A. The test is failed if the sum of premiums paid reduced by non-taxable withdrawals and other non-taxable distributions at any time in the first 7 years exceeds the sum of the 7-Pay premiums. Certain policy changes will require adjustments to the 7-Pay Premiums and may require the test to be performed again. Pre-death distributions from a MEC, and those taken during the two years before a policy has become a MEC, are subject to less favorable (gain-first) income tax treatment than a non-MEC Life Insurance Contract and may also be subject to a 10% penalty tax. Your policy is in a gain position when the Policy Value is greater than the investment in the contract (cost basis). Unlike non-MEC tax treatment, loans from and assignments of a policy are also distributions from a MEC and are subject to gain-first taxation. We recommend you consult your tax advisor prior to taking any action on your policy that may cause it to become a MEC.

TAMRA testing has been performed on the assumed scale only and is dependent on the assumptions in that projection. It may not be applicable to the alternate projections shown. The initial annual 7-pay premium for this policy is \$114,120.00.

Based on our interpretation of TAMRA, this policy as illustrated would not be considered a Modified Endowment Contract (MEC). Whether and when your policy might become a MEC depends on the timing and amounts of premium payments, withdrawals you take, changes in the policy's non-guaranteed elements, your actual use of the policy's options, and any policy changes you make. For more information please select the TAMRA Optional Report.

### Payment or Accelerations of Death Benefits

Subject to certain exceptions described in Employer-owned Life Insurance below, payments of the Death Benefit (including accelerations of the Death Benefit under a Long-Term Care or Terminal Illness Rider) are intended to be income tax free, regardless of whether or not your policy is classified as a MEC. With appropriate planning, Death Benefits may also be received estate tax free.

### Employer-owned Life Insurance

If the owner of the policy is the employer of the life insured, Section 101(j) of the Internal Revenue Code specifies a number of requirements that must be satisfied in order for life insurance death benefits to be excluded from income taxation. The life insureds must be the employer's directors and "highly compensated" employees (as is defined by law). If the life insured is not a director or highly compensated employee, then the policy's death benefit must be paid out to the life insured (or to the life insured's designated beneficiary) or used to redeem an equity interest in the employer. **Before the issuance of the policy**, the insured must (1) be notified in writing that the employer/policy owner intends to insure the employee's life and the maximum face amount for which the employee could be insured; (2) give his/her written consent to being insured under the policy and agree that such coverage may continue after the life insured terminates employment; and (3) be informed in writing that the employer/policy owner will be a beneficiary of any proceeds payable upon the death of the life insured. Finally, the employer/policy owner is required to keep records and make an annual report concerning its employer-owned life insurance policies. Taxpayers should seek the counsel of qualified tax professionals to determine the applicability of IRC Section 101(j) or other provisions of federal tax law and/or compliance with the requirements of any such law or regulation.

### Other Considerations

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and the actual results may be more or less favorable. Future credits and deductions can vary at the company's discretion depending upon factors such as death claims, investment earnings and expenses, as well as policy owner actions such as timing and amount of premium payments, policy lapse and reinstatement, loans and withdrawals, and contractual charges.

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy  
Valuable Information About Your Life Insurance Illustration (cont'd)

Protection UL Form: 22PROUL  
Presented By: Advanced Markets

### Illustration Assumptions

Sample	Initial Death Benefit \$1,500,000
Male - Preferred NonSmoker	Face Amount \$1,500,000
Age: 65	Initial Planned Premium: \$30,482.00 / Billing Mode: Annual
Initial Assumed Status: Bronze	Death Benefit Option 1; Cash Value Accumulation Test
	State: Michigan
	Based on Current Charges and an Initial Current Rate of 4.95%

### Important Disclosure

No information provided by John Hancock to you or your financial professional in connection with this sale is intended as tax, legal or investment advice. This illustration and all other information and materials provided by John Hancock as part of this sale are not intended to be nor shall they be construed as providing impartial advice or recommendations in connection with this policy. John Hancock and its representatives will receive compensation derived from such sales or services.

Protection UL is issued by John Hancock Life Insurance Company (U.S.A.) of Boston, MA 02116. John Hancock Life Insurance Company (U.S.A.) consistently receives high financial credit ratings from independent rating agencies. For more information, please visit our website at [www.JohnHancock.com](http://www.JohnHancock.com).

For more than a century, JH has offered security and high-quality products to its customers. The company's experience and resources allow it to provide first class financial solutions to customers in every market in which it operates.

Protection UL

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Basic Illustration Summary

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

### Coverage Summary

Coverage Description	Initial Amount	Initial Premium
Face Amount - Level for all years	\$1,500,000	\$30,482.00
Healthy Engagement Rider		

### Policy Summary

State	Michigan	
Death Benefit Option	1	From 1 Thru 56
Definition of Life Insurance	CVAT	
Payment Mode	Annual	
Charges	Current	
Assumed Interest Rate	4.95%	From 1 Thru 5
(includes non-guaranteed persistency bonus)	6.25%	From 6 Thru 56
Loan Interest Rate	5.75%	From 1 Thru 56
Initial 7-Pay Premium	\$114,120.00	
Target Premium	\$32,061.48	
Minimum Initial Premium	\$1,576.83	
Death Benefit Protection Period	20 Years	
Based on Guaranteed Assumptions		
Assumed Status	Bronze	
LifeTrack Billing	No	
Illustration Serial Number	46D2FC34A	

### Interest Adjusted Indexes on Insured at 5%

	-----Payment-----		-----Cost-----	
	10 Year	20 Year	10 Year	20 Year
Guaranteed	20.32	20.32	19.46	20.32
Current	20.32	20.32	14.17	13.88
Non-guaranteed Element	0.00	0.00	5.29	6.44

#### Interest Adjusted Indexes

These indexes provide a means for evaluating the comparative cost of the policy under stated assumptions. They can be useful in comparing similar plans of insurance, a lower index being better than a higher one. These indexes reflect the time value of money. Indexes are approximate because they involve assumptions, including the rate of interest used.

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION A Flexible Premium Universal Life Insurance Policy Numeric Summary

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

**Sample**  
**Male - Preferred NonSmoker**  
**Age: 65**  
**Initial Assumed Status: Bronze**

**Initial Death Benefit \$1,500,000**  
**Face Amount \$1,500,000**  
**Initial Planned Premium: \$30,482.00 / Billing Mode: Annual**  
**Death Benefit Option 1; Cash Value Accumulation Test**  
**State: Michigan**

#### GUARANTEED ASSUMPTIONS

These policy benefits and values are based on the guaranteed interest of 1.00% and guaranteed charges. Based on your Planned Premium Outlay, the policy would remain in force until policy year 21, month 8\*.

#### NON-GUARANTEED ASSUMPTIONS

These policy benefits and values are based on non-guaranteed elements that are subject to change by the insurer. Actual results may be more or less favorable.

#### ASSUMED SCALE:

Policy benefits and values are based on the initial current interest rate of 4.95% and current charges. Based on your Planned Premium Outlay, the policy would remain in force until age 121\*.

SUMMARY YEARS	GUARANTEED ASSUMPTIONS	NON-GUARANTEED ASSUMPTIONS	
		Midpoint Scale	Assumed Scale
Years Premium Paid in Cash	21	21	53
Summary Year 5			
Net Surrender Value	14,139	17,829	21,712
Net Death Benefit	1,500,000	1,500,000	1,500,000
Summary Year 10			
Net Surrender Value	16,990	73,444	121,798
Net Death Benefit	1,500,000	1,500,000	1,500,000
Summary Year 20			
Net Surrender Value	0	0	335,536
Net Death Benefit	1,500,000	1,500,000	1,500,000

#### MIDPOINT SCALE:

Assumes the midpoint interest rate and charges which are halfway between current and guaranteed. Based on your Planned Premium Outlay, the policy would remain in force until policy year 21, month 8\*.

Premiums are assumed to be paid at the beginning of each modal period. Policy values, including surrender values and death benefits, are illustrated as of the end of the year, unless otherwise noted.

\* See Policy Continuation at Age 121 on "Valuable Information" page.

Representative's Address:  
Advanced Markets  
197 Clarendon St.  
Boston, MA 02116  
888-266-7498, Option #3

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The representative has told me they are not guaranteed. **I further understand that the guarantees provided by the Death Benefit Protection feature are directly affected by the amount and timing of premiums paid.**

Applicant: \_\_\_\_\_ Date: \_\_\_\_\_  
(Signature) (mm/dd/yyyy)

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

Representative: \_\_\_\_\_ Date: \_\_\_\_\_  
(Signature) (mm/dd/yyyy)



# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Guaranteed and Nonguaranteed Values

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Policy Year	EOY Age	Planned Premium	End of Year Guaranteed Assumptions 1.00% Minimum Rate, Maximum Charges			End of Year Non-Guaranteed Assumptions 4.95% Initial Current Rate, Current Charges		
			Policy Value	Net Surrender Value	Net Death Benefit	Policy Value	Net Surrender Value	Net Death Benefit
1	66	30,482	11,586	0	1,500,000	12,136	0	1,500,000
2	67	30,482	22,037	0	1,500,000	23,609	0	1,500,000
3	68	30,482	32,130	0	1,500,000	35,216	0	1,500,000
4	69	30,482	41,820	0	1,500,000	46,899	3,232	1,500,000
5	70	30,482	50,971	14,139	1,500,000	58,544	21,712	1,500,000
6	71	30,482	51,463	21,881	1,500,000	71,153	41,571	1,500,000
7	72	30,482	49,093	26,756	1,500,000	83,935	61,598	1,500,000
8	73	30,482	43,324	28,232	1,500,000	96,809	81,718	1,500,000
9	74	30,482	33,213	25,367	1,500,000	109,654	101,808	1,500,000
10	75	30,482	17,591	16,990	1,500,000	122,399	121,798	1,500,000
Totals:		304,820						
11	76	30,482	1,317	1,317	1,500,000	142,170	142,170	1,500,000
12	77	30,482	0	0	1,500,000	162,496	162,496	1,500,000
13	78	30,482	0	0	1,500,000	183,229	183,229	1,500,000
14	79	30,482	0	0	1,500,000	204,313	204,313	1,500,000
15	80	30,482	0	0	1,500,000	225,751	225,751	1,500,000
16	81	30,482	0	0	1,500,000	247,595	247,595	1,500,000
17	82	30,482	0	0	1,500,000	269,515	269,515	1,500,000
18	83	30,482	0	0	1,500,000	291,480	291,480	1,500,000
19	84	30,482	0	0	1,500,000	313,416	313,416	1,500,000
20	85	30,482	0	0	1,500,000	335,536	335,536	1,500,000
Totals:		609,640						

These policy benefits and values are based on non-guaranteed elements that are subject to change by the insurer. Actual results may be more or less favorable.

## Indicates that the policy has lapsed under the illustrated assumption. Additional premium would be required to maintain policy benefits.

This is your Basic Illustration and is valid only if all illustration pages are included.

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Guaranteed and Nonguaranteed Values (cont'd)

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Policy Year	EOY Age	Planned Premium	End of Year Guaranteed Assumptions 1.00% Minimum Rate, Maximum Charges			End of Year Non-Guaranteed Assumptions 4.95% Initial Current Rate, Current Charges		
			Policy Value	Net Surrender Value	Net Death Benefit	Policy Value	Net Surrender Value	Net Death Benefit
21	86	30,482	##	##	##	355,409	355,409	1,500,000
22	87	30,482				374,832	374,832	1,500,000
23	88	30,482				393,725	393,725	1,500,000
24	89	30,482				412,171	412,171	1,500,000
25	90	30,482				430,270	430,270	1,500,000
26	91	30,482				448,507	448,507	1,500,000
27	92	30,482				467,262	467,262	1,500,000
28	93	30,482				487,083	487,083	1,500,000
29	94	30,482				508,663	508,663	1,500,000
30	95	30,482				533,189	533,189	1,500,000
Totals:		914,460						
31	96	30,482				540,869	540,869	1,500,000
32	97	30,482				547,723	547,723	1,500,000
33	98	30,482				554,048	554,048	1,500,000
34	99	30,482				559,306	559,306	1,500,000
35	100	30,482				563,085	563,085	1,500,000
36	101	30,482				565,535	565,535	1,500,000
37	102	30,482				567,353	567,353	1,500,000
38	103	30,482				569,540	569,540	1,500,000
39	104	30,482				573,857	573,857	1,500,000
40	105	30,482				582,326	582,326	1,500,000
Totals:		1,219,280						

These policy benefits and values are based on non-guaranteed elements that are subject to change by the insurer. Actual results may be more or less favorable.

## Indicates that the policy has lapsed under the illustrated assumption. Additional premium would be required to maintain policy benefits.

This is your Basic Illustration and is valid only if all illustration pages are included.

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Guaranteed and Nonguaranteed Values (cont'd)

Protection UL Form: 22PROUL

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Policy Year	EOY Age	Planned Premium	End of Year Guaranteed Assumptions 1.00% Minimum Rate, Maximum Charges			End of Year Non-Guaranteed Assumptions 4.95% Initial Current Rate, Current Charges		
			Policy Value	Net Surrender Value	Net Death Benefit	Policy Value	Net Surrender Value	Net Death Benefit
41	106	30,482				579,590	579,590	1,500,000
42	107	30,482				576,428	576,428	1,500,000
43	108	30,482				572,656	572,656	1,500,000
44	109	30,482				568,678	568,678	1,500,000
45	110	30,482				564,154	564,154	1,500,000
46	111	30,482				566,002	566,002	1,500,000
47	112	30,482				566,230	566,230	1,500,000
48	113	30,482				564,967	564,967	1,500,000
49	114	30,482				562,774	562,774	1,500,000
50	115	30,482				558,965	558,965	1,500,000
Totals:		1,524,100						
51	116	30,482				552,351	552,351	1,500,000
52	117	30,482				540,865	540,865	1,500,000
53	118	30,482				520,919	520,919	1,500,000
54	119	0				455,584	455,584	1,500,000
55	120	0				342,127	342,127	1,500,000
56	121	0				145,108	145,108	1,500,000
57	122	0				154,177	154,177	1,500,000
58	123	0				163,813	163,813	1,500,000
59	124	0				174,051	174,051	1,500,000
60	125	0				184,929	184,929	1,500,000
Totals:		1,615,546						

These policy benefits and values are based on non-guaranteed elements that are subject to change by the insurer. Actual results may be more or less favorable.

## Indicates that the policy has lapsed under the illustrated assumption. Additional premium would be required to maintain policy benefits.

This is your Basic Illustration and is valid only if all illustration pages are included.

# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL Form: 22PROUL

Glossary of Terms

Presented By: Advanced Markets

### Illustration Assumptions

Sample	Initial Death Benefit \$1,500,000
Male - Preferred NonSmoker	Face Amount \$1,500,000
Age: 65	Initial Planned Premium: \$30,482.00 / Billing Mode: Annual
Initial Assumed Status: Bronze	Death Benefit Option 1; Cash Value Accumulation Test
	State: Michigan
	Based on Current Charges and an Initial Current Rate of 4.95%

### Advance Contribution Charge

An Advance Contribution Charge is assessed on each monthly processing date when the cumulative premiums paid exceed the Advance Contribution Limit times the current Policy Year. It is deducted for the first 10 Policy Years. The Advance Contribution Charge rates and Advance Contribution Limit are both shown in the policy contract.

### Asset Bonus

Beginning in Policy Year 11 and continuing beyond Age 121, we apply an Asset Bonus at the Asset Bonus Annual Rate to any balances in your Fixed Account as described in your policy. The Asset Bonus Rates vary by issue age, gender, and policy duration.

### Cost of Insurance

Current insurance charges are based on Company experience. The current rates may change, but are guaranteed never to exceed the maximum rates. Maximum rates are no greater than the 2017 Loaded CSO Smoker Distinct Ultimate Age Nearest Birthday mortality, adjusted for any applicable ratings.

### Death Benefit Option

Death Benefit Option 1 provides a level amount of coverage. It will increase only when necessary to maintain the definition of life insurance. Death Benefit Option 2 provides coverage equal to the Face Amount plus the Policy Value plus any amount necessary to maintain the definition of life insurance.

### Face Amount

The Face Amount is the coverage provided by the base policy. Any decreases to the Face Amount after the first policy year must fall within policy minimums.

### Face Amount Charge

The Base Face Amount Charge is an additional \$0.2678 of Face Amount per policy month in years 1-3. In years 4-10, the rate is \$0.2678. This charge varies by the insured's issue age, gender, risk classification and the policy duration.

### Monthly Administrative Charge

A monthly Administrative Charge of \$10.00 will be assessed in all years, current and guaranteed.

### Net Death Benefit

The Death Benefit illustrated is the Face Amount plus any Required Additional Death Benefit. This is the value that is payable upon the death of the insured as stated on the front page of the policy. The actual amount payable may be decreased by loans or increased by additional insurance benefits. Death Benefits are illustrated as of the end of the year. Net Death Benefit reflects the total loan plus any loan interest due.

### Net Income

Net Income reflects any illustrated withdrawal, policy loan and/or loan interest due.

### Net Surrender Value

The Net Surrender Value is the Policy Value less Surrender Charge(s), and is illustrated as of end of the year. This amount is shown net of withdrawals and total loans plus interest due. During the Surrender Charge period, there is a Surrender Charge assessed if all or part of the Face Amount is reduced. If the policy terminates for any reason, the amount of any outstanding loan (that was not previously considered income) could result in a considerable tax. Under certain situations involving large amounts of outstanding loans, you might find yourself having to choose between high

This is your Basic Illustration and is valid only if all illustration pages are included.

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# John Hancock Life Insurance Company (U.S.A.)

## A LIFE INSURANCE POLICY ILLUSTRATION

A Flexible Premium Universal Life Insurance Policy

Protection UL Form: 22PROUL

Glossary of Terms (cont'd)

Presented By: Advanced Markets

### Illustration Assumptions

Sample

Male - Preferred NonSmoker

Age: 65

Initial Assumed Status: Bronze

Initial Death Benefit \$1,500,000

Face Amount \$1,500,000

Initial Planned Premium: \$30,482.00 / Billing Mode: Annual

Death Benefit Option 1; Cash Value Accumulation Test

State: Michigan

Based on Current Charges and an Initial Current Rate of 4.95%

premium requirements to keep your policy from lapsing and a significant tax burden if you allow the lapse to occur. Please consult your tax advisor for further information.

### Planned Premium Outlay

The Planned Premium Outlay is the amount which the policyholder plans to pay. This illustration assumes that planned premiums are paid at the beginning of each modal period indicated. Additional premiums may be paid while the policy is in force, subject to our minimum and maximum limits.

### Policy Value

The Policy Value is the sum of amounts held in the Fixed Account and any value in the Loan Account. When premiums are paid, the balance, after a premium charge is deducted, goes into the Policy Value. The Fixed Account is credited daily with a guaranteed interest rate of 1% or the current rate, whichever is greater. Also, once each month, Cost of Insurance and any other charges are deducted from the Fixed Account.

### Policy Value Credit

An additional credit provided to the Policy Value on a monthly basis. The amount of the Policy Value Credit varies based on the insureds age, gender, Risk Class, Policy Value, and Face Amount.

### Premium Charge

A Premium Charge of 45.0% is deducted from each premium in years 1-10. In years 11+, the charge is 42.0%.

### Required Additional Death Benefit

The death benefit will automatically be increased if necessary to maintain the minimum amount of insurance needed to comply with current federal tax law (Section 7702 of the Internal Revenue Code). This will ensure that your policy maintains the favorable tax treatment associated with being a life insurance policy.

### Risk Class

Classifications represent groups of people with similar risk characteristics and help to determine the cost of insurance. Final risk classification for a proposed insured is determined upon completion of the underwriting process, and may vary from what is shown on this illustration. If so, you will receive a Revised Basic Illustration prior to or upon delivery of your insurance contract.