John Hancock
LIFE INSURANCE

Sales Strategy
Life Insurance in Retirement Planning

For many of your clients, planning for retirement has become one of their biggest financial priorities – and at the same time, one of their greatest financial challenges. In fact, 65% of current workers believe that they will have to fund their retirement primarily from their own savings efforts, rather than from Social Security or company-sponsored pension plans.[1] As a result, 70% of Americans are currently putting money aside for retirement.[2]

However, many of your clients may not be able to put away as much money as they would like. Qualified plans such as 401(k)s are an excellent way to save for retirement, but are only available if your client's employer offers one. If offered, employee contributions to a 401(k) are limited to $15,000 per year in 2006, which may not meet your client's full savings needs. IRAs and Roth IRAs both offer additional retirement savings opportunities, but your client must meet income limits to use them and ultimately may still need to put away more money. What other tax-advantaged vehicles can you offer your clients to help them supplement their retirement savings after they have fully funded their available qualified plans and IRAs? Life insurance may be the solution.

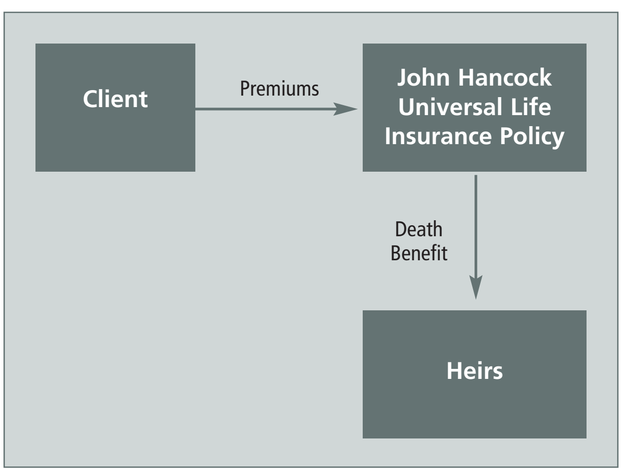
WHAT IS LIFE INSURANCE IN RETIREMENT PLANNING?

Life insurance can be used as a tool to supplement your client's retirement planning efforts. During your client's working years, the life insurance policy death benefit can protect your client's family and replace income that would otherwise be lost should something happen to your client. At retirement, your client could then access the policy cash value via tax-favored loans and withdrawals.

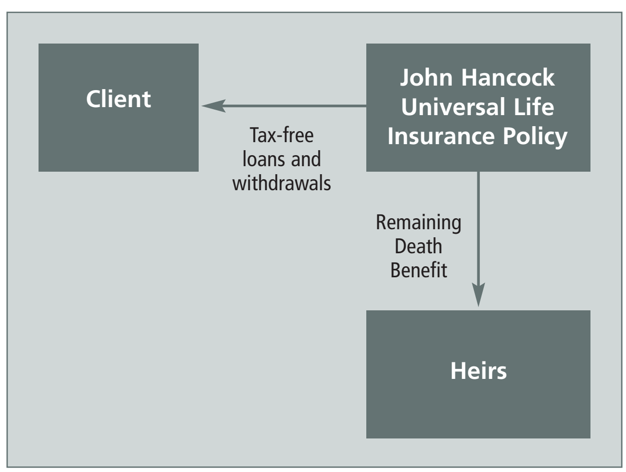
HOW DOES IT WORK?

Your client will apply for a John Hancock universal life insurance policy on his or her life and will pay the premium for that policy. During your client's working years, the life insurance policy will provide a death benefit that will be received by the heirs income-tax free.[3] The life insurance policy cash value will grow on a tax-deferred basis. At retirement, your client may access any potential policy cash to supplement his or her retirement income via tax-favored loans and withdrawals.

Pre-Retirement



Post Retirement



BENEFITS

- **Income-Tax Free Death Benefit**. The death benefit of a life insurance policy is generally received by the heirs free of income taxes. This death benefit can be used to replace lost income and cover expenses should anything happen to your client.

- **Tax-Deferred Accumulation and Tax-Favored Distributions**. The potential policy cash value of a life insurance policy grows on a tax-deferred basis. As long as the policy is not designed as a Modified Endowment Contract (MEC), your client can take tax-free loans and withdrawals from the cash value. Withdrawals from the policy are income-tax free up to the policy's cost basis, after which point the client should switch to loans.

- **No Penalty for Early Retirement**. Your client can begin taking tax-free loans and withdrawals from the available policy cash value at any age without tax penalty due to early retirement, as long as the policy is not a MEC. For Accumulation UL, policy loans and withdrawals are available starting in policy year 2.

- **No Mandatory Distributions**. Unlike qualified plans and traditional IRAs which have mandatory distribution requirements starting at age 70½, your client does not have to take any distributions from a life insurance policy if they are not desired.

- **No Contribution Limits**. Unlike qualified plans and traditional IRAs, your client can allocate as much money to using life insurance to supplement retirement income as desired.

CONSIDERATIONS

- **Premium Payments Not Tax Deductible**. Life insurance policy premiums are generally not tax deductible, even when used to supplement retirement income.

- **Avoid Creating a MEC**. Policies classified as MECs 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. Therefore, life insurance purchased to help supplement retirement income should not be structured as a MEC.

- **Death Benefit Reduction**. Withdrawals and loans can reduce the policy death benefit and cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause the loss of the death benefit and potential adverse income tax consequences.

- **Policy Performance is Not Guaranteed**. The policy cash value available for loans and withdrawals may be worth more or less than the original investment amount, depending on the performance of the policy crediting rate. Life insurance policies have surrender charges in the early policy years.

COMPARISON OF INVESTMENT ALTERNATIVES

Feature	Universal Life Insurance	Taxable Investments	Qualified Plan Traditional IRA	Roth IRA	Municipal Bonds
Tax-Favored Withdrawals	Yes	No	No	Yes	Yes
Tax-Deferred Accumulations	Yes	No	Yes	Yes	Yes
Tax-Free Death Benefit	Yes	None	None	None	None
Penalty Tax for Early Withdrawal	Maybe	No*	Yes	Yes	No
Contribution Limits	No	No	Yes	Yes	No
Cost of Insurance Charges	Yes	No*	No*	No	No
Market Risk	No	Yes	Yes	Yes	Yes

* If the underlying investment is a deferred annuity, cost of insurance charges and/or early withdrawal penalty may apply.

CASE STUDY: JIM SNYDER

Jim Snyder (age 45, NS preferred) is worried about protecting his family. He wants to make sure that Lily, his wife, has enough money to take care of their two sons should anything happen to him. Also, Jim would like to save more money for retirement. He currently participates in the 401(k) plan sponsored by his employer and contributes the maximum amount but is afraid that it won't fund the type of retirement he and Lily dream about. Jim's insurance agent, Rob Johnson, recommends that Jim purchase an Accumulation UL policy from John Hancock to provide death benefit protection and supplemental retirement income.

Jim would like the policy premium to be $50,000, so Rob recommends an Accumulation UL policy with a face amount of $931,666 to ensure that the policy will not be a MEC. Assuming a policy crediting rate of 5.3% and current mortality charges, here is how the policy might perform compared to a taxable investment if Jim takes withdrawals from year 21 through year 40.[4]

		TAXABLE INVESTMENT AT 5.3%				ACCUMULATION UL			
Year	Age	Side Fund Contribution	After-Tax Interest at 5.3%	Net Withdrawal	End of Year Value	Annual Premium	Net Cash Value	Loans/ Withdrawals	Net Death Benefit
1	45	$50,000	$1,590	$0	$51,590	$50,000	$22,910	$0	$931,666
10	54	$50,000	$18,397	$0	$596,348	$50,000	$580,818	$0	$1,467,137
20	64	$50,000	$43,515	$0	$1,411,906	$50,000	$1,606,449	$0	$2,364,222
21	65	$0	$41,034	$121,532	$1,331,408	$0	$1,564,281	$121,532	$2,242,690
30	74	$0	$14,837	$121,532	$481,398	$0	$1,061,162	$121,532	$1,130,818
35	79	$0	$0	$19,592	$0	$0	$657,829	$121,532	$742,198
40	84	$0		$0	$0	$0	$114,016	$121,532	$223,840

This is a supplemental illustration authorized for distribution only when preceded or accompanied by a basic illustration from the John Hancock Life Insurance Company (U.S.A.). Benefits and values are not 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.

SUMMARY

As the above chart indicates, Accumulation UL can provide tax-free death benefit protection for Jim's family pre-retirement, tax-deferred growth during Jim's working years, and potential supplemental income in retirement.

For additional information, please contact your local John Hancock Representative or call the Advanced Markets Group at (888) 266-7498, option 3.

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1. Source: AXA Equitable Retirement Scope USA – International Survey, August 2005.
2. Source: Employee Benefit Research Institute Issue Brief No. 292, April 2006.
3. Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. Please consult your professional tax advisor.
4. Based on Male, Non-Smoker Preferred age 45, living in Florida. Annual premium of $50,000 will be paid for 20 years. Face amount option is increasing from years 1-20 and level thereafter.

Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), 197 Clarendon Street, Boston, MA 02116.

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