



PRODUCER GUIDE

PROTECTION WHEN YOUR  
CLIENTS NEED IT MOST

# John Hancock's Long-Term Care Rider

AN ACCELERATED DEATH BENEFIT RIDER

# John Hancock's Long-Term Care Rider

The need for long-term care is a life-changing event that can have a significant impact on your clients' well-laid plans for the future. That's because paying for care can have financial consequences for them, while providing care can have physical and emotional consequences for their informal caregivers. John Hancock's affordable Long-Term Care rider offers an appealing solution by helping to ensure your clients' have financial and professional support in the event care is needed over an extended period of time.

## **A permanent life insurance policy with John Hancock's Long-Term Care (LTC) rider<sup>1</sup> offers your clients:**

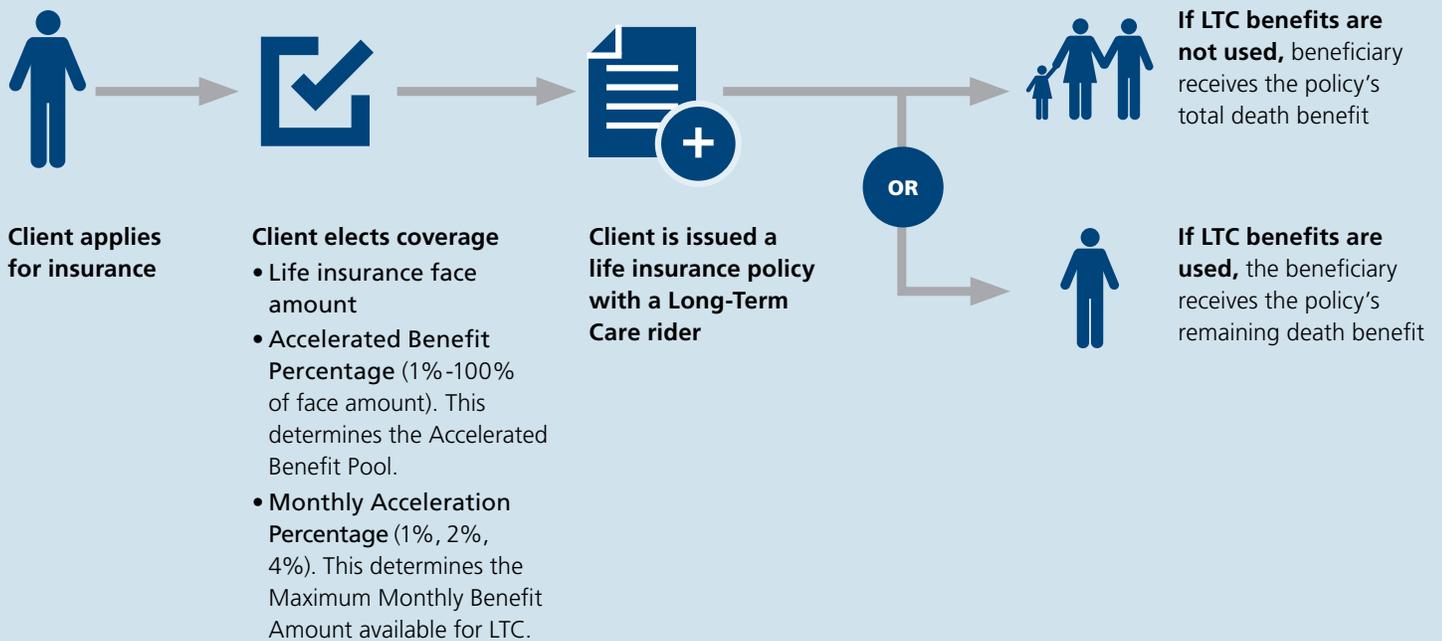
- Financial protection for themselves and their family
- Monthly access to a portion of the death benefit to help pay long-term care expenses, if needed
- Choice and control over the care they receive
- Security in knowing that the rider's benefits will help reduce the financial, physical, or emotional challenges to their family of providing care
- Complimentary long-term care referral and consultation services

# Meeting client needs

Many clients recognize the importance of purchasing both life insurance and long-term care protection. A permanent John Hancock life insurance policy with the LTC rider offers an attractive solution. Adding the LTC rider to a permanent life insurance policy makes a portion of the policy's death benefit available monthly to help pay long-term care expenses.

NEED	SOLUTION
<p><b>Affordable life insurance and long-term care protection</b></p>	<p><b>Combination life and LTC protection</b>            Protection UL, Protection IUL, and Protection VUL offer affordable death benefit protection. Adding the LTC rider to any of these products allows your client to access a portion of their policy's death benefit if they should ever need assistance paying long-term care expenses. Any death benefit not used to pay LTC expenses is paid as a life insurance benefit to the policy beneficiaries. The rider rate is fixed at issue and will not increase.</p>
<p><b>Life insurance and long-term care protection with the potential to accumulate cash value to supplement retirement income<sup>2</sup></b></p>	<p><b>Supplemental income with LTC protection</b>            Accumulation VUL and Accumulation IUL provide the opportunity to realize potential gains in the policy value, with the added security the LTC rider offers. All, some, or none of the death benefit can be used to help pay for long-term care expenses. Any portion not used will be paid to the beneficiaries with income-tax-favored treatment under current law. In addition, by overfunding the policy, the potential policy value can later be used as a source of supplemental retirement income. If the policy value is accessed for retirement income, the death benefit and cash value will decrease along with the LTC benefit amount.</p>
<p><b>Maximize wealth transfer to beneficiaries and prevent asset depletion as a result of long-term care expenses</b></p>	<p><b>Income protection, wealth transfer potential and LTC protection</b>            The policy can be customized to allocate a portion of the initial death benefit to help cover LTC expenses. The death benefit not allocated can be used to transfer assets to a client's heirs.</p>
<p><b>Personally owned life insurance and long-term care protection paid for with business dollars</b></p>	<p><b>Business planning with LTC protection</b>            In this case, a company pays an executive a bonus equal to the policy's premium plus any taxes due. The company takes a tax deduction equal to the bonus. The executive has a lifetime death benefit, as well as funds to pay for long-term care expenses. Additional security may also be provided by adding the Disability Payment of Specified Premium rider<sup>3</sup> to ensure that adequate premiums are paid to support the death benefit/LTC benefit, in the event of disability.</p>

# Offering coverage flexibility



## Policy owner elections

When applying for a life insurance policy with an LTC rider, the policy owner selects an Accelerated Benefit Percentage to determine the Accelerated Benefit Pool. This is the portion of the policy's death benefit that may be accelerated to reimburse the policyholder for qualified LTC costs. The Accelerated Benefit Percentage can range from 1%-100%.

Next, they select a Monthly Acceleration Percentage (MAP), which will determine the Maximum Monthly Benefit Amount available to reimburse for covered LTC services each month. The MAP is equal to 1%, 2% or 4% of the Accelerated Benefit Pool.

### EXAMPLE 1:

$$\begin{array}{ccccccc}
 \$500,000 & \times & 75\% & = & \$375,000 & \times & 2\% & = & \$7,500 \\
 \text{Life Insurance} & & \text{Accelerated} & & \text{Accelerated} & & \text{Monthly} & & \text{Maximum Monthly} \\
 \text{Face Amount} & & \text{Benefit} & & \text{Benefit Pool} & & \text{Accelerated} & & \text{Benefit Amount} \\
 & & \text{Percentage} & & & & \text{Percentage} & & 
 \end{array}$$

### EXAMPLE 2:

$$\begin{array}{ccccccc}
 \$500,000 & \times & 100\% & = & \$500,000 & \times & 4\% & = & \$20,000 \\
 \text{Life Insurance} & & \text{Accelerated} & & \text{Accelerated} & & \text{Monthly} & & \text{Maximum Monthly} \\
 \text{Face Amount} & & \text{Benefit} & & \text{Benefit Pool} & & \text{Accelerated} & & \text{Benefit Amount} \\
 & & \text{Percentage} & & & & \text{Percentage} & & 
 \end{array}$$

# LTC rider overview

FEATURES									
<b>Availability</b>	<p><b>THE LONG-TERM CARE RIDER IS AVAILABLE:</b></p> <ul style="list-style-type: none"> <li>On all fully-underwritten permanent, individual life insurance policies</li> <li>Only at issue</li> <li>With Death Benefit Option 1 &amp; Death Benefit Option 2</li> </ul> <p><b>THE LONG-TERM CARE RIDER IS NOT AVAILABLE:</b></p> <ul style="list-style-type: none"> <li>With the Return of Premium (ROP) rider</li> <li>With Scheduled Supplemental Face Amount (SFA) increases</li> </ul>								
<b>Issue Ages</b>	20–75 (policies cannot be backdated to save age 75)								
<b>Accelerated Benefit Percentage</b>	1%–100% of the base policy’s initial face amount. The Accelerated Benefit Percentage may not be increased after issue.								
<b>Monthly Acceleration Percentage</b>	1%, 2% or 4% of the Accelerated Benefit Pool. The Monthly Acceleration Percentage (MAP) cannot be changed after issue.								
<b>Maximum Accelerated Benefit Pool</b>	<p>The Maximum Accelerated Benefit Pool varies by the MAP selected.</p> <table border="1"> <thead> <tr> <th>MAP SELECTED</th> <th>MAXIMUM ACCELERATED BENEFIT POOL AT ISSUE</th> </tr> </thead> <tbody> <tr> <td>1%</td> <td>\$5,000,000</td> </tr> <tr> <td>2%</td> <td>\$2,500,000</td> </tr> <tr> <td>4%</td> <td>\$1,250,000</td> </tr> </tbody> </table> <p>NOTE: In no event may the Maximum Accelerated Benefit Pool be greater than \$5,000,000.</p>	MAP SELECTED	MAXIMUM ACCELERATED BENEFIT POOL AT ISSUE	1%	\$5,000,000	2%	\$2,500,000	4%	\$1,250,000
MAP SELECTED	MAXIMUM ACCELERATED BENEFIT POOL AT ISSUE								
1%	\$5,000,000								
2%	\$2,500,000								
4%	\$1,250,000								
<b>Maximum Monthly Benefit Amount</b>	Pays all approved charges each month, up to the Maximum Monthly Benefit Amount (MMBA), regardless of daily or weekly charges. NOTE: In no event may the MMBA be greater than \$50,000. The MMBA is not capped at the IRS per diem amount.								
<b>Underwriting</b>	<p>In general, the same underwriting process is used for all individual life insurance policies. However, additional underwriting guidelines are used for the Long-Term Care rider.</p> <ul style="list-style-type: none"> <li>LTC Application Supplement must be completed and submitted.</li> <li>An APS may be ordered if additional information is needed.</li> <li>If a change in smoking classification is approved for the base policy under the Quit Smoking Incentive, the change will also apply to the LTC rider.</li> </ul> <p>NOTE: LTC rider is not available if the life insurance policy is rated higher than 200% or has a flat extra. LTC rider risk class can be different than the base policy but never better than the base policy. Foreign nationals and foreign residents are not eligible for the LTC rider.</p>								
CLAIMS									
<b>Eligibility for LTC Benefits</b>	Insureds are eligible for LTC benefits if they are unable to perform two of the six Activities of Daily Living (ADLs) without substantial assistance or are found to have a severe cognitive impairment that threatens their health or safety. The six ADLs are Bathing, Dressing, Eating, Continence, Toileting, and Transferring								
<b>Elimination Period</b>	<p>The Elimination Period must be satisfied before LTC benefits are paid.</p> <ul style="list-style-type: none"> <li>The Elimination Period is 100 Dates of Service (may be less in some states).</li> <li>Each Date of Service for which qualified LTC services are received will be counted as one Date of Service towards satisfying the Elimination Period.</li> <li>Dates of Service do not need to be consecutive and the Elimination Period must be satisfied only once.</li> </ul>								
<b>Payment of the Maximum Monthly Benefit Amount</b>	<p>The MMBA is calculated based on the Accelerated Benefit Pool in effect at time of claim and the MAP elected at issue. Benefit payments are made on a reimbursement basis, each calendar month, for eligible services received in the previous month. Once every 12 months, we must receive proof that the insured is Chronically III. Payment of Accelerated Benefits will continue until the earliest occurrence of the following:</p> <ul style="list-style-type: none"> <li>The policy is terminated because of death, surrender, or lapse;</li> <li>The insured recovers;</li> <li>The Accelerated Benefit Pool is fully accelerated; or</li> <li>No further receipts for service are submitted.</li> </ul>								

## LTC RIDER OVERVIEW

CLAIMS, continued	
<b>Stay at Home Services</b>	The insured can accelerate up to one maximum monthly benefit to reimburse for services that can help them stay at home more safely and longer. These include modifications to their home, emergency medical response systems, durable medical equipment, caregiver training, as well as evaluations to ensure home safety and the quality of care being provided.
<b>Care Settings</b>	Long-term care may be received in the following settings: Home, Adult Day Care, Hospice Facility, Assisted Living Facility, Nursing Home
<b>Bed-Hold Benefit</b>	If the insureds' stay in a nursing home or assisted living facility is interrupted for any reason, the Accelerated Benefit can pay the cost to hold their bed up to 21 days per calendar year, up to the selected MMBA.
<b>Assignment of Benefits</b>	John Hancock can work directly with care providers to pay for the insureds' qualified LTC services. This helps eliminate the need for insureds or their family members to manage receipts, submit invoices and track payments.
<b>Extension of Benefits Provision</b>	<p>If the rider terminates while the insured is confined to a nursing home and receiving continuous, uninterrupted benefits under this rider, the Extension of Benefits Provision guarantees that benefits for the nursing home services will continue until the earliest occurrence of the following:</p> <ul style="list-style-type: none"> <li>• The date that the insured is discharged from the nursing home</li> <li>• The date when the Accelerated Benefit Amount remaining after any monthly benefit payment is zero (i.e., the benefit is fully accelerated)</li> <li>• The insured dies</li> <li>• The insured no longer qualifies as chronically ill</li> </ul> <p>If benefits are continued under the Extension of Benefits Provision, then the Accelerated Benefit Amount remaining (referred to above) is calculated as if the policy had remained in force, but no death benefit will be paid to the beneficiary.</p> <p>NOTE: Insureds who are on claim and concerned about forfeiting their policy's death benefit under this provision should be advised to make premium payments that are sufficient to maintain the policy's death benefit guarantee (for guaranteed death benefit policies), or to keep a positive surrender value (non-guaranteed policies) to prevent policy lapse. Premium payments must continue during the claim period for the guarantee to remain in effect and for any remaining death benefit to be paid.</p>
<b>Support Services</b>	Provider Pathway <sup>4</sup> offers a complimentary resource, referral and consultation service for our Long-Term Care rider customers — and the people they care about. The service can offer discounted rates from providers throughout the nation.
ACCESSING THE POLICY VALUE	
<b>Withdrawals/Partial Surrenders</b>	<p>Withdrawals or partial surrenders:</p> <ul style="list-style-type: none"> <li>• Reduce the MMBA (i.e., the Maximum Monthly Benefit Amount)</li> <li>• Are available while on claim, but will result in a recalculation of the MMBA</li> </ul>
<b>Policy Loans</b>	<ul style="list-style-type: none"> <li>• A policy loan reduces the available Accelerated Benefit Pool, but does not result in a recalculation of the MMBA, even if the loan is taken while on claim.</li> <li>• When a loan is present, a proportional amount of each monthly benefit payment serves to repay a portion of that loan. This amount is calculated to repay the total policy loan by the time the death benefit is fully accelerated.</li> </ul> <p>NOTE: The net death benefit is reduced by the amount of the loan. Also, if the policy should lapse while a loan is outstanding, the loan will be treated as a distribution from the policy, and there may be tax consequences as a result.</p>
RIDER CHARGES	
<b>Long-Term Care Rider Charges</b>	<p>The LTC rider charge is part of the monthly deductions, and based on an amount per \$1,000 of the rider's Net Amount at Risk.</p> <ul style="list-style-type: none"> <li>• The LTC rider rate is set at issue and guaranteed not to change over the life of the policy.</li> <li>• The LTC rider charge is based on the Net Amount at Risk and therefore, may vary.</li> </ul> <p>NOTE: For tax purposes, this charge is considered a non-taxable distribution from the policy and reduces the policy's cost basis.</p>
<b>Commissions</b>	Target commissions on policies that include the LTC rider are calculated taking into account the LTC rider charge.

## TAX CONSIDERATIONS

<b>Tax-Qualified Long-Term Care Benefit</b>	<p>The Long-Term Care rider is intended to be a Qualified Long-Term Care Insurance contract under Internal Revenue Code Section 7702 (B)(b):</p> <ul style="list-style-type: none"> <li>• Long-term care benefits are intended to be excludable from Federal Gross Income.</li> <li>• Even if the policy is classified as a Modified Endowment Contract (MEC), the intent is for the long-term care benefit payments to continue to be excludable from income taxes.</li> <li>• If, in the future, it is determined that the rider does not meet these requirements, we will make reasonable efforts to amend the rider if necessary. We will offer the policy owner the opportunity to receive these amendments.</li> </ul>
<b>Long-Term Care Rider Reduces Cost Basis</b>	<p>Monthly charges for the LTC rider are considered policy distributions for Federal Income Tax purposes, and therefore will usually reduce the policy's cost basis. Please consult a qualified tax advisor for more information.</p>
<b>Third-Party Ownership</b>	<p>The Long-Term Care rider is recommended for clients who intend to own the policy personally, as opposed to a third-party ownership arrangement. We caution against ownership by anyone other than the insured, as it could have adverse tax consequences. Purchasing this product by, or transferring it to, a person other than the insured should be considered only after careful review with the client's own tax and legal advisors.</p>
<b>Trusts</b>	<p>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.</p>

## PRODUCER REQUIREMENTS

<b>Licensing &amp; Appointment</b>	<ul style="list-style-type: none"> <li>• There are additional requirements that apply to the sale of the Long-Term Care rider and these vary by state.</li> <li>• Producers must have Accident and Health Authority on their State Insurance License in addition to being properly licensed to sell John Hancock life insurance products.</li> <li>• Producers need Statutory Company Appointment with John Hancock Life Insurance Company (U.S.A.) for the Accident and Health Authority.</li> </ul>
<b>Long-Term Care Training Requirement</b>	<p>Most states have adopted the training requirements outlined in the Deficit Reduction Act of 2006 and the NAIC Long-Term Care Model Act. These require producers selling LTC insurance products, including LTC riders, to take an initial eight-hour NAIC Partnership training course, followed by a four-hour refresher every two years.</p> <p><b>John Hancock requires that all courses be approved by ClearCert to be accepted as valid training.</b></p> <ul style="list-style-type: none"> <li>• To determine if a course is approved, please visit <a href="http://www.clearcert.com/search-courses">www.clearcert.com/search-courses</a></li> <li>• To take an approved course at a discounted rate, please visit <a href="http://www.JHInsuranceCE.com">www.JHInsuranceCE.com</a></li> </ul> <p>Not applicable in CA, CT, DC, IN, HI, MS, and NY.</p>
<b>Materials Required at Time of Solicitation</b>	<p>The following requirements for LTC rider applicants are in addition to the life insurance requirements. Any additional state-specific materials or notices will be posted on <a href="http://www.JHSalesHub.com">www.JHSalesHub.com</a></p> <p><b>COMPLETE:</b></p> <ul style="list-style-type: none"> <li>• LTC Application Supplement</li> <li>• Third-Party Ownership Disclosure Long-Term Care riders (if policy will be owned by a third-party)</li> <li>• Notice of Replacement (if other coverage is being replaced)</li> <li>• Summary and Disclosure Statement for Accelerated Benefit— Accelerated Death Benefit rider for terminal illness (if the applicant elects this rider).</li> </ul> <p>NOTE: In New York, the Summary and Disclosure Statement for Accelerated Benefit must be completed when the LTC rider is elected</p> <p><b>PROVIDE:</b></p> <ul style="list-style-type: none"> <li>• Outline of Coverage</li> <li>• Notice of Protected Health Information Privacy Practices</li> <li>• Shopper's Guide to Long-Term Care Insurance</li> <li>• Guide to Health Insurance for People with Medicare (if applicant is age 65 or older)</li> <li>• Accelerated Death Benefit (for Terminal Illness) Disclosure Statement</li> </ul>



For more information about the Long-Term Care Rider,  
visit [www.JHSalesHub.com](http://www.JHSalesHub.com).

1. The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The Maximum Monthly Benefit Amount is \$50,000. When the death benefit is accelerated for long-term care expenses, it is reduced dollar for dollar, and the cash value is reduced proportionately. Please go to [www.JHSalesHub.com](http://www.JHSalesHub.com) to verify state availability. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Consult the state specific Outline of Coverage for additional details.
2. Loans and withdrawals will reduce the death benefit, cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.
3. Some riders may have additional fees and expenses associated with them.
4. Provider Pathway is the current service provider for John Hancock. The program may be changed or discontinued at any time. Provider Pathway is not affiliated with John Hancock Life Insurance (U.S.A.) and its subsidiaries.

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

Variable universal life insurance has annual fees and expenses associated with it in addition to life insurance related charges. Variable universal life insurance products are subject to market risk and are unsuitable as a short-term savings vehicle. Cash values are not guaranteed and will fluctuate, and the policy may lose value.

*Variable life insurance is sold by product and fund prospectus, which should be read carefully. They contain information on the investment objectives, risks, charges and expenses of the variable product and its underlying investment options. These factors should be considered carefully before investing.*

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