

John Hancock

LIFE INSURANCE

SELLER'S GUIDE

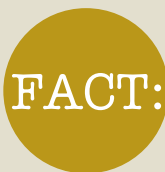
LTC
Rider
Seller's
Guide

PROTECTION

What you need to know
about **Long-Term Care** and
John Hancock's LTC Rider

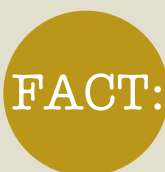
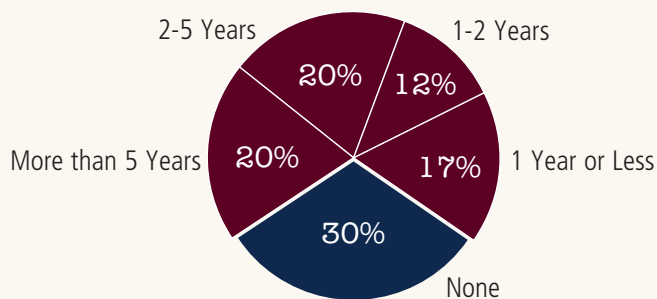
Will Your Clients Be Ready for Long-Term Care (LTC) Needs?

UNDERSTANDING THE FACTS

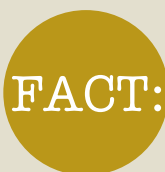


At least 70% of people over age 65 will require LTC services at some point in their lives.¹

Estimated Years Of LTC Needed After Age 65²



There are currently over 78 million baby boomers in the United States who will retire over the next two decades.²



The national average for 24-hour home care or one year in a nursing home is more than \$94,000.³

Are your clients prepared for future costs?

The national average cost of long-term care for one year in various settings:

Facility Based Care	2013 Nat. Avg. (1 yr.) ³	2013 Unit Cost ⁵	5-Yr. Avg. Annual Increase ⁴
Nursing Home: Private Room	\$94,170	\$258 daily	3.6%
Nursing Home Semi-Private Room	\$82,855	\$227 daily	3.6%
Assisted Living Facility	\$41,124	\$3,427 monthly	2.0%

1. U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, www.longtermcare.gov, September 2010.
 2. American Association for Long-Term Care Insurance, 2013 LTCi Sourcebook.
 3. Based on the John Hancock 2103 Cost of Care Survey conducted by LifePlans, Inc. Costs rounded to the nearest dollar.
 4. The 5-year average annual increases are based on a subset of common providers from our 2008 and 2011 Cost of Care surveys and our 2011 and 2013 Cost of Care surveys.

How will your clients cover the cost for LTC?

“Self-insuring” for LTC with personal income and assets is often a strategy used; however, it puts a very significant portion of the client’s retirement savings at risk.

Family members sometimes assume the burden of care, which over time can have a significant impact on their lifestyle, personal and work commitments, as well as their physical and emotional well-being.

A standalone LTC insurance policy is designed to cover only the need, whether the need for care arises or not — meaning your clients may pay premiums for a benefit that they may never use. (For those who do not need life insurance, standalone long-term care insurance can be an appropriate solution.)

Medicare only pays for short periods of care; typically only up to 100 days, after discharge from the hospital.

Medicaid generally covers only people with very little income and assets, and usually covers only care received in approved nursing homes. Patients may have very little control over where and how they are cared for.

John Hancock’s answer...

...**a life insurance policy with a LTC rider** is more cost effective than buying a permanent life insurance policy with similar death benefit and a standalone LTC policy with similar monthly benefit amount. It also allows your client the flexibility to use all, some or none of their life insurance benefit to pay long-term care expenses. Any portion not used for care is passed along to their beneficiaries at the time of the insured’s death.

◆ **Convenience:**

One underwriting process,
one life insurance policy,
one affordable premium.

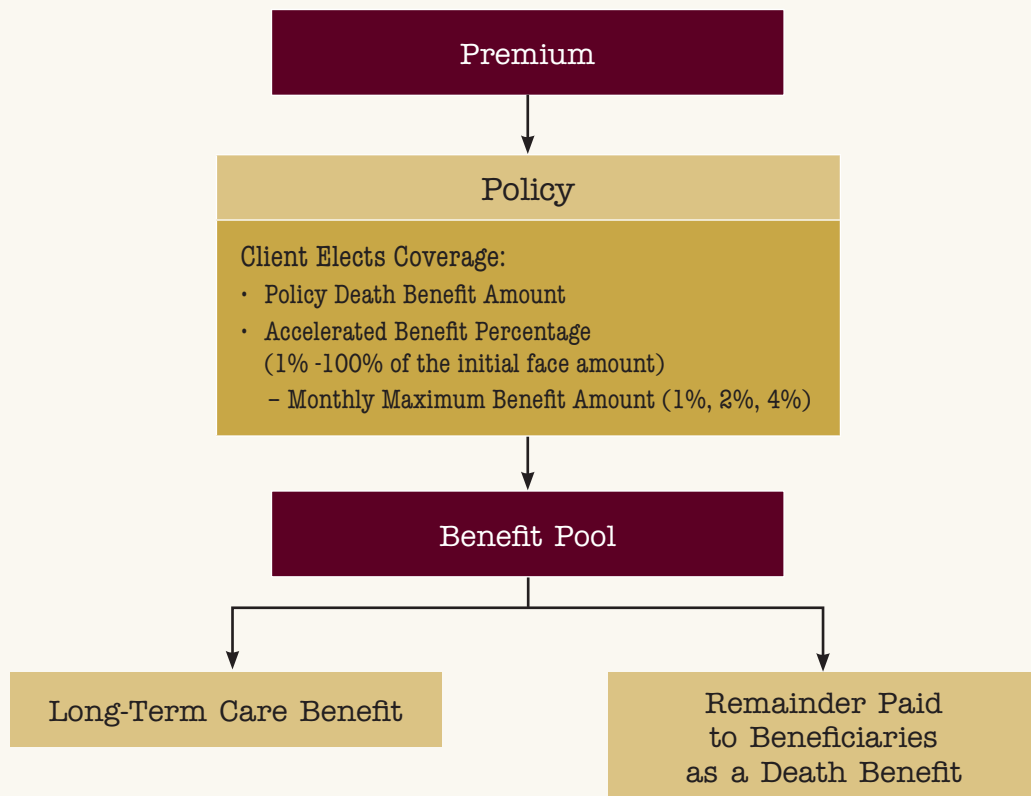
◆ **Flexibility:**

All, some or none of the
life insurance benefit can
be used for LTC needs.

◆ **Value:**

Less expensive than
purchasing separate
permanent life and
LTC insurance.

How the rider works



John Hancock's LTC rider utilizes the reimbursement model for LTC claims

With over 25 years in the LTC insurance business, John Hancock has paid out more than \$4 billion in LTC insurance claims. This depth of experience sets John Hancock apart.

Many life insurance companies offering long-term care riders lack experience in dealing with LTC claims process. This may be why these companies utilize the "Indemnity" Model to pay claims.

John Hancock utilizes a "Reimbursement" model to pay claims, allowing the insured to benefit from the company's extensive experience in delivering the highest level of service and support at the time of claim.

The following chart compares the two models insurance companies can follow when paying claims — with John Hancock's claims paying approach you can rest assured that your clients are in good hands.

Features	John Hancock's Reimbursement Model	Indemnity Model
Cost	<ul style="list-style-type: none"> ◆ The rate to determine the charge is level and guaranteed 	<ul style="list-style-type: none"> ◆ Most companies can increase rates for their LTC or chronic illness riders*
Claims Support	<ul style="list-style-type: none"> ◆ John Hancock pays all approved long-term care bills directly to the service provider ◆ John Hancock's LTC claims area is staffed with Registered Nurses and Social Workers who: <ul style="list-style-type: none"> – Establish professional relationships and make regular contact with claimants and/or their families – Help families navigate through the LTC process allowing them to focus on the insured's needs 	<ul style="list-style-type: none"> ◆ Insured or Insured's family must function as a "claims administrator," processing bills and writing checks, often for multiple providers and services
Taxation: (Based on 2014 HIPAA limit of \$9,900/month or \$330/day)	<ul style="list-style-type: none"> ◆ The reimbursement model does not create a taxable event for claim payments because the expenses are incurred ◆ At John Hancock, the maximum possible monthly limit is \$50,000, <i>more than five times higher</i> than the tax-free indemnity limit 	<ul style="list-style-type: none"> ◆ Amounts in excess of the HIPAA daily/monthly limit are treated as income for tax purposes — generally, the face amount can not exceed \$500,000 or the HIPAA limit would be violated
Benefit Preservation	<ul style="list-style-type: none"> ◆ Disburses only the funds necessary for insured's care directly to the care provider — and therefore preserves their benefit pool and extends their benefit period 	<ul style="list-style-type: none"> ◆ Clients who receive amounts greater than their long-term care expenses may deplete their LTC pool and death benefit sooner than with the Reimbursement Model
Quality of Care	<ul style="list-style-type: none"> ◆ Care is provided by licensed professionals that the insured selects with help from John Hancock. John Hancock has been in the LTC business for over 25 years and can help negotiate favorable rates. ◆ John Hancock helps establish a plan of care, which is executed by a licensed professional 	<ul style="list-style-type: none"> ◆ Care could be provided by a non-licensed professional. Without the support of an experienced claims provider, the quality of care could be inferior — and more expensive — with the Indemnity Model

Competitor information is current and accurate to the best of our knowledge as of January 2014.

*On guaranteed UL products, premiums remain unchanged, however cash values would be reduced as a result of the increase in the rider charge.

Additional LTC Rider Services – *Seniorlink*

Life insurance policies with the LTC rider include LTC information services. The insured (and the insured's immediate family) have immediate access to *Seniorlink*, which provides professional and personalized advice on topics such as home care, assisted living, home maintenance and repair services, and legal services. *Seniorlink* offers complete resources and advice to help make smart decisions about care issues.

The Benefits

*Seniorlink*⁴ provides professional expertise and personalized advice on a variety of issues, services and resources by providing a preventative planning approach to assist individuals before a crisis occurs. *Seniorlink* professionals work with seniors and their family members to identify and respond to emerging problems and immediate concerns.

Among the areas that *Seniorlink* addresses are:

- ◆ Home Health Care and Community Services
- ◆ Long-Term Care and Assisted Living Options
- ◆ Adult Day Care Services
- ◆ Alzheimer's Care
- ◆ Medical and Mental Health Services
- ◆ Nutrition
- ◆ Household Maintenance
- ◆ Transportation Needs
- ◆ Information on Medicare and Medicaid
- ◆ Caregiver Support
- ◆ Risk Screening and Implementation of an Action Plan

Talk to your clients today and show them how a John Hancock permanent life insurance policy with the LTC rider provides a single solution to meet critical needs:

- ◆ Now offering greater design flexibility when incorporating LTC into estate and retirement planning needs
- ◆ Immediate funds in case of death
- ◆ Monthly access, if needed, to a portion of the policy's death benefit to help pay LTC expenses
- ◆ Any part of the initial death benefit not used for these expenses is paid to beneficiaries at time of death
- ◆ Unique informational services
- ◆ In-depth level of LTC claims experience

4. Seniorlink is not associated with John Hancock Life Insurance Company (U.S.A.), John Hancock Life Insurance Company of New York, or their affiliates. Seniorlink is the current referral-service provider for John Hancock. This program may be changed or discontinued at any time.

Strength. Stability. **John Hancock.**

John Hancock's strong ratings, as judged by the major rating agencies, are a comprehensive measure of the company's financial strength and stability. This is important because these financial ratings reflect the life insurance company's ability to pay claims in the future. With over 150 years of experience, John Hancock offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents, and distribution partners.

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.jhsalesnet.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.

Guarantees are based on the claims-paying ability of the issuer.

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Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

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