

Pension Income Alternative Using Life Insurance

This proposal has been designed to illustrate how you may be able to increase your retirement income over your life expectancy with added flexibility. Consider taking the single life option from your pension and provide your beneficiary a survivor benefit through a life insurance alternative.

Prepared For:

John and Mary Sample

Prepared By:

Any Agent

John Hancock

Main Street Suite A

Any Town, NY 14221

(123) 456-7890

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John Hancock Life Insurance Company

John Hancock Variable Life Insurance Company (not licensed in New York)

John Hancock Life Insurance Company

Boston, MA 02117

www.jhancock.com

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Pension Income Alternative Using Life Insurance

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Retirement Income Objectives

What Goals Do You Have For The Future?

John and Mary Sample

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Pension Income

- 2 You want the most income you can possibly receive.

Continued Security

- 2 You also want income for Mary if you die before her.

Flexibility

- 2 You want to be able to change your plan if your circumstances or the circumstances of your family change.

Pension Income Alternative (PIA) Using Life Insurance

John and Mary Sample
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By utilizing personal life insurance, a retiree and spouse are able to get the most income available out of a possible plan.

		Your Projected Monthly Pension Income		
		During Retiree's Lifetime	To Spouse After Retiree's Death	
THE PROBLEM:				
	\$855 Reduction <	Single Life Option	\$4,500	\$0
		Joint & 100% Option	\$3,645	\$3,645
THE SOLUTION:	PIA	\$4,500	\$3,645	

How it Works

John chooses the Single Life Option and begins receiving the maximum benefit. At John's death, income would cease from the pension plan.

John purchases a life insurance policy and names Mary as beneficiary.

John Elects Single Life Option

John Hancock Life Insurance

Mary's Income

Annuitized Death Benefit

Annuitized death benefit provides guaranteed lifetime income to Mary.

Annuitize death benefit proceeds with a Single Premium immediate annuity.

Footnote: In order to qualify for income tax-free treatment it is generally necessary to purchase the SPIA from a different carrier. Consult with your financial advisor for more information.

The Problem / The Solution

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The Problem Pension Plan**					Life Insurance Policy Alternative Premium Schedules		
Your Age	Single Life Monthly Income	Joint & 100%		Reduction Assuming 25% Tax Bracket	Protection Universal Life G		
		Survivor Monthly Income	Reduction in Monthly Income		Monthly Premium 10 Pay	Monthly Premium 20 Pay	Monthly Premium Life Pay
56	\$0	\$0	\$0	\$0	\$900	\$750	\$600
61	\$0	\$0	\$0	\$0	\$900	\$750	\$600
62	\$4,500	\$3,645	\$855	\$641	\$900	\$750	\$600
65	\$4,500	\$3,645	\$855	\$641	\$900	\$750	\$600
70	\$4,500	\$3,645	\$855	\$641	\$0	\$750	\$600
75	\$4,500	\$3,645	\$855	\$641	\$0	\$750	\$600
80	\$4,500	\$3,645	\$855	\$641	\$0	\$0	\$600
85	\$4,500	\$3,645	\$855	\$641	\$0	\$0	\$600
Total (Annual)			\$246,240	\$184,680	# First year initial premium.		

Cost Comparison

Pension Plan	After-Tax Total Income Reduction through age 85	Life Insurance Policy Alternative Premium Schedules		
		Protection Universal Life G		
		10 Pay	20 Pay	Life Pay
Cost through age 85	\$184,680	\$108,000	\$180,000	\$208,800
Present value after-tax (4% discount)	\$96,433	\$91,102	\$127,205	\$129,483
Savings through age 85	\$0	\$76,680	\$4,680	(\$24,120)
Present value differential (4% discount)	\$0	\$5,331	(\$30,773)	(\$33,050)

This is a SUPPLEMENTAL illustration only and is not intended to predict or project actual performance. This illustration is not valid unless accompanied by the BASIC PERSONALIZED HYPOTHETICAL individual illustration.

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Current interest rates and/or dividend rates and values (unless indicated otherwise) are not guaranteed. This illustration is not intended to be accounting, legal or tax advice.

Clients should consult their accounting, legal, and tax advisors about their particular circumstances before implementing any recommendations.

**Assumes 3% salary increases before and 0% Cost of Living Adjustment after retirement beginning at age 62.

Mary would receive \$3,645 per month if John should predecease her.

Life's Possibilities

- #1 John dies before Mary after retirement begins.
- #2 John dies before retirement.
- #3 Both of you die soon after retirement begins.
- #4 Mary dies before John after retirement begins.
- #5 Both of you live long into retirement.

Possibility #1: See Page 3

Possibility #2: John Dies Before Retirement

∅ Pension Plan

If John dies before retirement, Mary would receive a prorated pension, which may be substantially reduced depending on John's age at death.

∅ PIA Using Life Insurance

Mary would receive a death benefit of \$517,484 in addition to any prorated pension funds.

Possibility #3: Both of You Die Soon After Retirement Begins

Ø Pension Plan

When both of you die, all pension benefit payments cease.

Ø PIA Using Life Insurance

Augmenting your plan with life insurance allows income tax-free death benefit of \$517,484 which will be available to your beneficiaries.

Possibility #4: Mary Dies before John

Ø Pension Plan

If Mary dies before John, the total reduction in before-tax pension income through John's age 85 is \$246,240.

Ø PIA Using Life Insurance

With PIA, not only can John receive the maximum income from his pension plan (\$4,500 per month) but the cash value of his life insurance is estimated to be:

John's Age	Option A**	Option B**	Option C**
61	\$20,000	\$18,000	\$15,000
66	\$70,000	\$60,000	\$50,000
85	\$150,000	\$150,000	\$150,000

** These surrender values are based on current assumptions and are not guaranteed. Also, they would be reduced by any applicable taxes upon surrender.

Possibility #5: Both of You Live Long into Retirement.

The longer John lives, the more income Mary may have with PIA using Life Insurance. The following pension scenarios represent the monthly income available to Mary assuming John dies when Mary is the noted age.

Mary's Age	Tax Bracket	Pension Plan		PIA Using Life Insurance	
		Monthly (1) Gross Income	Monthly (2) Spendable Income	After-Tax* Monthly (3) Spendable Income	Pre-Tax** Monthly (4) Spendable Income Current
59	25%	\$3,645	\$3,094	\$3,094	\$3,276
67	25%	\$3,645	\$3,094	\$3,630	\$3,804
72	25%	\$3,645	\$3,094	\$4,182	\$4,326
77	25%	\$3,645	\$3,094	\$5,017	\$5,113

(1) Pension Monthly Gross Income:

- Equal to joint and survivor income option from pension plan (before-tax).

(2) Pension Monthly Spendable Income:

- Reflects income after Federal Taxes. Assuming other income is present which equals the personal exemption and standard deduction amounts.

(3) PIA After-Tax Monthly Spendable Income:*

- Reflects income after Federal Income Taxes.

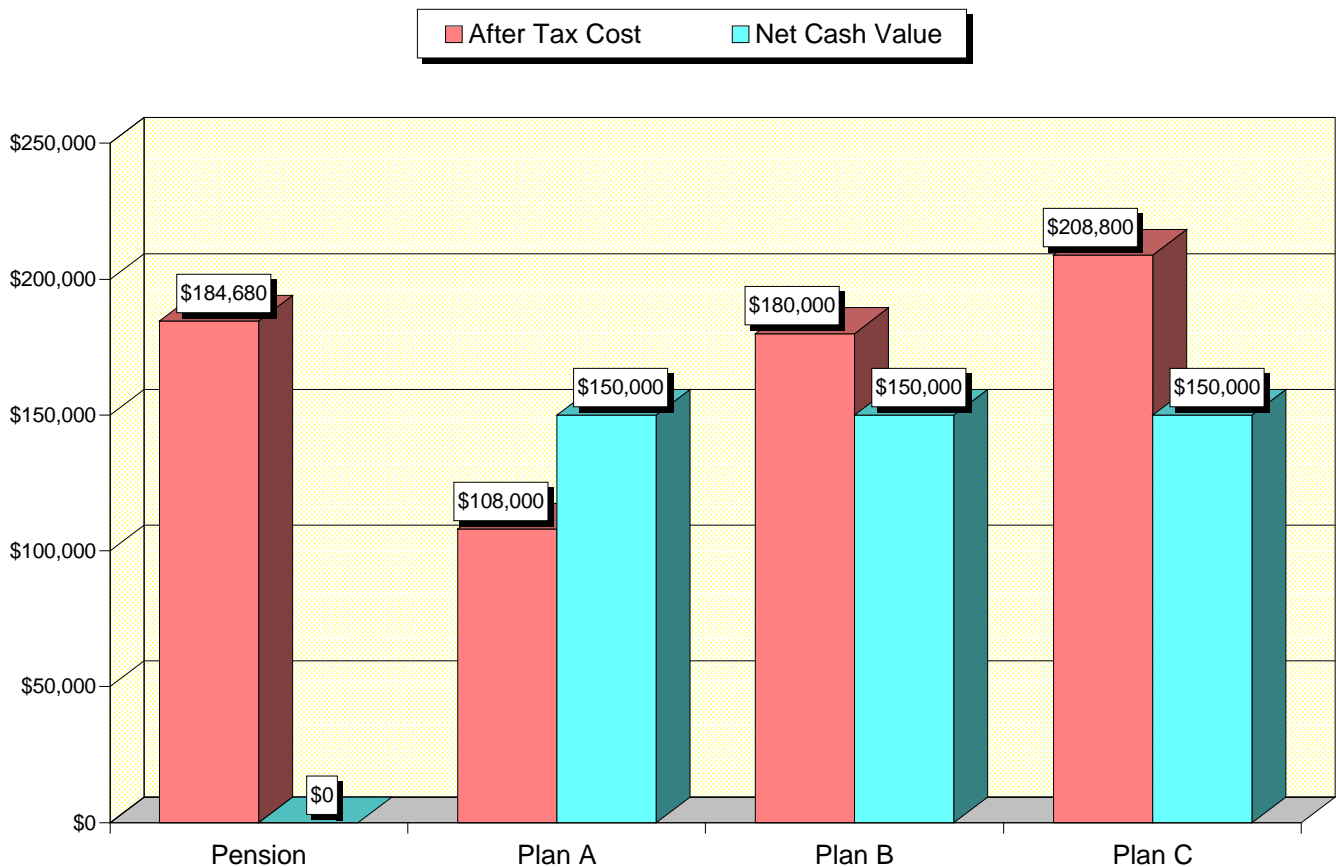
(4) PIA Pre-Tax Monthly Spendable Income:**

- Reflects income prior to Federal Income Taxes.

*** Numbers are based upon hypothetical single premium annuity rates. These rates are not guaranteed.*

Which Alternative is Best for You?

Comparison of Cost / Net Cash Value Your Cost Through Age 85 with Protection Universal Life G



This graph compares four alternatives you and Mary will have during retirement. Each life insurance

alternative will give her lifetime income in the event you predecease her after retirement, but at different costs. With all three alternatives, the Protection Universal Life G provides a death benefit of \$517,484. In addition, the alternatives have a net cash value that builds up while the pension does not.

See attached policy illustrations for assumed premium payments and interest crediting rate. This presentation is not valid without an attached policy illustration for each policy shown.

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