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# Premier Benefit IUL

## Product Guide



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# Five reasons to offer Premier Benefit IUL

Offering a new way for employers to attract and retain their high-earning employees, Premier Benefit IUL<sup>1</sup> provides meaningful life insurance and long-term care protection using a simple, streamlined process, along with our unique John Hancock Vitality PLUS program that rewards employees for taking steps toward longer, healthier, better lives.

**1 Cost-efficient, permanent death benefit protection and income tax-free growth<sup>2</sup>** potential tied to the performance of one S&P-linked indexed account and a Fixed Account

**2 Fully digital experience** — A fully digital process that saves time — from managing cases to completing applications and obtaining signatures — ensuring an easy experience for all from start to finish

**3 Streamlined underwriting** for all employees with decisions communicated quickly (and in some cases instantly) with no APS, medical exams or labs required; guaranteed issue available for larger cases<sup>3</sup>

**4 Enhanced protection with our Long-Term Care rider,<sup>4</sup>** provides employees\* access to support in the event of a long-term care need through an income tax-free acceleration of their life insurance policy's death benefit

**5 John Hancock Vitality Program** — The John Hancock Vitality PLUS rider is included on all product options.\*\* It is a program that rewards employees for taking steps to live longer, healthier, better lives. The more they participate, the more points they can earn, the higher their Vitality Status, and the greater their rewards and discounts



## Did you know?

A survey revealed that 45% of employees named life insurance as a top benefit within the workplace.\*\*\*

\* If available through the employer.

\*\* The John Hancock Vitality PLUS rider has a fee of \$2 per month and can be discontinued at any time. If the John Hancock Vitality PLUS rider is not included, the John Hancock Vitality GO rider, which provides a limited suite of rewards and incentives, is included at no additional cost.

\*\*\* Best Employee Benefits in 2023. Forbes Advisor. By Dana Miranda. Research conducted by OnePoll, February, 2023.



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# Cash value growth options

As an indexed universal life (IUL) insurance product, Premier Benefit IUL can give employees the key advantage of strong cash value growth potential through an Indexed Account option. Plus, we make it simple for them to understand and manage by giving the option to choose either — or both — of the following:

## Fixed Account

Any premium allocated here earns interest at a declared rate determined by John Hancock that is guaranteed never to fall below 1%.

## Base Capped Indexed Account

Offers the opportunity for increased upside potential by crediting interest to the policy value (subject to participation rates and caps) based on the performance of the S&P 500® Index.\*

### What is the S&P 500® Index?

Widely regarded as the best single benchmark of the US market, this index includes 500 large-cap common stocks actively traded in the United States.

\*The policy owner cannot invest directly in the indices. There is a risk as the performance of the underlying index may result in low segment interest credits that would require an increase in premium payments in order to keep the policy in force.





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# Accessing cash value

As Premier Benefit IUL policy owners, employees can access their policy's cash value (also known as policy value) via loans or withdrawals.<sup>6</sup> If they opt to borrow a portion of their policy value, they can choose from two types of loans — a standard loan or an index loan.

## Standard loan<sup>7</sup>

**How it's secured:** Standard loans are generally secured by a loan account that guarantees the net cost of the loan will not exceed 1.25% annually for policy years 1-10.

**How it works:** When employees borrow a portion of their policy value in the form of a standard loan, John Hancock transfers the same amount from the Fixed Account into a loan account.

- The loan account balance serves as collateral for the outstanding loan
- Interest is credited to the loan account and interest is also charged on the policy debt at a fixed loan rate
- The net cost of the loan is the difference between the loan interest rate charged and the interest the loan account is credited
- The net cost of the loan is guaranteed to be no greater than 1.25% in policy years 1–10. In subsequent years, the differential is 0% and guaranteed not to exceed 0.25%

## Index loan<sup>8</sup>

**How it's secured:** Index loans are generally secured against the Index Appreciation Account; therefore, the cost of an index loan can vary substantially from a standard loan. The loan rate may also be different for these two loans. The index loan option carries significantly more risk to the policy's performance due to the higher potential net cost of the loan.

**How it works:** Index loans are available after the third policy year. Unlike a standard loan, when employees borrow a portion of their policy value in the form of an index loan, there is no transfer of policy value to a loan account from either the Fixed Account or the Index Appreciation Account.

- The policy value remains in the Index Appreciation Account and serves as collateral for the loan
- No specific rate of interest is credited to the collateral amount in the Index Appreciation Account; rather, the entire balance in the Index Appreciation Account still earns interest credited at each segment maturity
- Interest is charged on the policy debt at a variable loan rate
- The net cost of the loan is the difference between the interest charged on the policy loan and the interest credited to the portion of the policy value that collateralizes the loan
- Index loans carry significantly more risk to the policy owner than standard loans



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# Features

<b>Product design</b>	Flexible premium indexed universal life insurance policy
<b>Available coverage</b>	Face amount only (no supplemental face amount available)
<b>Minimum face amount</b>	\$50,000
<b>Definition of life insurance</b>	Cash Value Accumulation Test (CVAT)
<b>Policy owner</b>	Employee must be the owner and insured
<b>Minimum initial premium (MIP) requirement</b>	This is the amount of premium required to issue the policy and keep it in force for the first policy month.
<b>Target commissionable premium (TCP)</b>	This is the amount of premium that is fully commissionable and includes all commissionable riders and ratings. This premium will not necessarily keep the policy in force through age 121.
<b>Face amount decreases</b>	<ul style="list-style-type: none"> <li>• Allowed after first policy year</li> <li>• Minimum face amount decrease permitted is \$50,000</li> <li>• Face amount may not be decreased below minimum face amount of \$50,000</li> <li>• Pro-rata surrender charge will apply during the surrender charge period</li> <li>• A 10% face amount decrease is permitted without a surrender charge at the time of the decrease</li> </ul>



## Risk classes/issue ages

### Streamlined Underwriting risk classes available by age:

Risk class	Issue ages
<b>Non-Tobacco</b>	
Preferred	20–65
Standard	20–65
<b>Tobacco</b>	
Standard	20–65

### Guaranteed Issue risk classes available by age:

Risk class	Issue ages
<b>Non-Tobacco</b>	
Standard	20–65
<b>Tobacco</b>	
Standard	20–65



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# Underwriting criteria<sup>3</sup>

Premier Benefit IUL<sup>1</sup> is a voluntary workplace insurance product designed for high-earning professionals. Check the following parameters and guidelines to determine potential case eligibility.

## Employer profile

- Group size — 10 or more
- A census of basic employee details is conducted upfront as part of the employer case to determine the case design

## Employee profile

- Issue ages 20–65 (average age must be 60 or younger)
- High-earning professional making over \$100K base salary
- No contractors, part-time or temporary employees
- Actively working at least 30 hours per week, four days a week
- No known impairments or substandard risks
- US citizens or those residing full-time in the US
- Foreign residents not eligible

## Streamlined underwriting

- Streamlined underwriting process with no APS, medical exams or labs required
- Available on 10 or more lives
- Maximum face amounts are per life based on group size and individual salary (see formula below)
- Preferred non-tobacco, Standard non-tobacco, Standard tobacco

Number of eligible employees	Maximum face amount	LTC maximum benefit pool	Minimum participation*
10-20	Lesser of: <ul style="list-style-type: none"> <li>• \$40K x number of eligible lives</li> <li>• 2.5x salary</li> </ul>	Based on maximum face amount up to \$1M	50%
21-50	Lesser of: <ul style="list-style-type: none"> <li>• \$45K x number of eligible lives</li> <li>• 3.0x salary</li> </ul>	Based on maximum face amount up to \$1M	35%
51+	Lesser of: <ul style="list-style-type: none"> <li>• \$50K x number of eligible lives</li> <li>• 5.0x salary up to \$5M</li> </ul>	Based on maximum face amount up to \$1M	35%

## Guaranteed issue underwriting

- Allows multiple lives to be underwritten without medical questions or exams
- Available for 200 or more lives
- Not available with the Long-Term Care rider
- Maximum face amounts are per life based on individual salary (see formula below)
- Standard non-tobacco, Standard tobacco

Number of eligible employees	Maximum face amount	Minimum participation*
200-299	Lesser of: <ul style="list-style-type: none"> <li>• \$250K</li> <li>• 1x salary</li> </ul>	50%
300+	Lesser of: <ul style="list-style-type: none"> <li>• \$250K</li> <li>• 1x salary</li> </ul>	35%

\*Of eligible employees. Please note: the participation rate set forth in the proposal for each case is a material factor in John Hancock's decision to offer coverage and set parameters for the proposed offering. John Hancock reserves the right to charge back some or all of the commission paid on policies issued as a result of an employer case if the actual participation rate for the case, which is the number of eligible employees that submit a signed application, does not meet or exceed the participation rate set forth in the proposal.

Underwriting reserves the right to change or modify these multiples based on case and plan design.



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## Features, continued

### No-lapse guarantee<sup>9</sup>

The no-lapse guarantee, called Death Benefit Protection, guarantees that the policy will not default during the NLG period, provided certain requirements are met.

- The NLG duration will vary based on issue age, sex, risk class, and chosen funding level. The no-lapse guarantee duration is stated on the illustration and in the policy contract
- Maximum no-lapse guarantee duration is to age 121

### Death benefit protection value

The death benefit protection value is used to determine whether the Death Benefit Protection (i.e., NLG) is in force, but not used in determining the actual policy value, cash surrender value or insurance benefit. It is not accessible to the policy owner at any time.

The death benefit protection value is determined in the same way as the policy value, but using different rates. Assuming no loans or withdrawals are taken, and no material changes made to the policy after issue, paying at least the death benefit protection premium as scheduled will keep the Death Benefit Protection in effect. If the Death Benefit Protection feature is terminated it may not be reinstated. Please see policy contract for additional information.

### Coverage beyond age 121

The policy does not mature; provided that funding is sufficient, the policy will remain in force until employee's death. At age 121:

- Policy and rider charges cease
- Premiums are not required or permitted
- Interest continues to accumulate on the policy value
- Loan repayments continue to be accepted on existing loans
- Interest continues to be charged on outstanding loans until a death claim is made (the policy may lapse if policy debt ever equals or exceeds the policy value)

### Replacements

Premier Benefit IUL is not intended to replace existing coverage. This product will not accept funds from 1035 exchanges.

### Interest crediting

#### Fixed Account

Policy value in the Fixed Account is deposited in the Company's General Account at a declared rate.

- Current: As declared
- Guaranteed: 1.0%

#### Persistency bonus

A non-guaranteed persistency bonus may be applied to the Fixed Account interest rate beginning in policy year 11.

- The persistency bonus is applied only to the unloaned portion of policy value allocated to the Fixed Account and any indexed account holding segments
- Currently an additional 0.65% in years 11+

#### Asset bonus

Beginning in policy year 6, the asset bonus will be applied to the balances in the Index Appreciation Account and Fixed Account.

- The asset bonus is a guaranteed feature
- The asset bonus rate varies by sex, risk class and policy duration
- The asset bonus is reduced any time the policy value exceeds the face amount



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## Features, continued

### Cumulative guarantee

A cumulative guarantee ensures a minimum average annualized rate of return of 2.00% (less policy charges) over the life of the policy, upon full surrender.

### Transfers to the Index Appreciation Account

- Employees may choose to have a percentage of the Fixed Account policy value transferred to the Indexed Account
- Amounts transferred to the indexed account prior to the lock-in date will be included in the initial segment balance on the next segment initiation date

### Automated transfers

- A strategy that helps reduce exposure to market volatility by transferring a set dollar or percentage amount from the Fixed Account to the Indexed Account every month
- Available at application and after issue

### Index Appreciation Account

Premium allocated to the Indexed Account earns an interest rate linked to the Base Capped Indexed Account using a yearly point-to-point method.

- The Base Capped Indexed Account offers a one-year capped indexed segment that earns interest based on positive changes in the S&P 500®, subject to the current segment cap rate, and provides a guaranteed segment floor of 0% with a current participation rate of 100%.

- The segment cap rate (currently 9.75%) and the participation rate are established at the beginning of a segment term and will not be changed for an existing segment.
- Each segment matures 12 months from the initiation date
- At segment maturity, the segment proceeds are allocated to a new one-year segment along with any premium allocated to the indexed account
- Allocation instructions and payments must be received by 4:00 p.m. ET on the third business day prior to the segment initiation (the lock-in date) in order to be included in the next segment
- Indexed segments are created on the 15th of each month; interest is credited separately to each segment
- Transfers from the Fixed Account and new premiums allocated to the indexed account will earn interest at the Fixed Account rate until they create a new segment
- Automated transfers from the Fixed Account are available with the completion of the Request for Transfer and Allocation Changes Indexed UL Policies form. Automated transfers will continue until the policy owner requests that they be terminated or the balance in the Fixed Account is no longer sufficient to complete the transfer
- Requests to cancel a previously requested allocation and/or transfer to the Base Capped Indexed Account prior to those amounts being allocated to a new segment must be submitted in writing before the lock-in date.







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# Riders (separate charges may apply)

## Long-Term Care (LTC)<sup>4</sup> rider

The employee can accelerate a portion of the death benefit (accelerated benefit pool) each month to reimburse for qualified long-term care expenses incurred. To qualify under this rider, the employee must be unable to perform two of six activities of daily living without substantial assistance or have a severe cognitive impairment must also satisfy an Elimination Period of 90 calendar days. The maximum monthly benefit amount is based on 1%, 2% or 4% of the accelerated benefit pool.

- Issue ages: 20-65
- The accelerated benefit pool can differ from the death benefit, but can never be greater
- A separate charge is deducted if this rider is selected
- Not available on products with guaranteed issue underwriting
- The maximum monthly benefit amount is \$40,000 per employee

## Cash Value Enhancement (CVE) rider

Enhances the cash surrender value during the 10-year surrender charge period. While this rider is in effect, the cash surrender value is equal to the policy value less the surrender charge plus the Cash Value Enhancement benefit. Conditions apply, including that the surrender cannot be done with the intention of exchanging the policy under IRS Section 1035.

- The charge for this rider is 2% of premiums paid in policy years 1-10
- This rider impacts compensation

## Accelerated Benefit rider (ABR)

A portion of the death benefit may be accelerated if the employee is certified to be terminally ill with a life expectancy of 1 year or less. This provision allows the policy owner to receive up to 50% of the eligible death benefit to a maximum of \$1,000,000.

- The remaining death benefit is reduced by 1 year's interest at current loan rates on the benefit paid, plus any administrative expense charge
- Benefits may be taxable under current tax law. Employees should consult their personal tax advisors regarding the tax implications of benefits received under the Accelerated Benefit rider



## John Hancock Vitality PLUS (Also referred to as the Healthy Engagement rider)

Offers employees the opportunity to earn credits on their policy based on healthy actions taken each year through the later of attained age 80 or policy year 10. To earn credits, the employee must complete everyday healthy activities. Each year, these activities result in Vitality Points, which are used to determine a Vitality Status and the amount of policy credits.

- Available for issue ages 20–65
- If elected, a monthly charge of \$2 is deducted through the later of attained age 80 or policy year 10
- If not elected, policies are issued with the John Hancock Vitality GO rider (also referred to as the Healthy Engagement Core rider), which provides access to the basic version of the program at no additional cost.



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# Policy value, fees & charges

## Standard loan rates

	Loan spread
<b>Current</b>	
Years 1-10	1.25%
Years 11+:	0.00%
<b>Guaranteed:</b>	
Years 1-10:	1.25%
Years 11+:	0.25%

**Note:** There is no predefined loan spread for index loans

## Policy loans<sup>6</sup>

- Policy loans are available at any time after the policy is in force
- Index loans are available after policy year three
- Minimum loan is \$500
- Loan option changes are permitted once per year (on the policy anniversary)

## Policy withdrawals

- Available after the first policy year and are first deducted from the Fixed Account, then from amounts in any indexed account holding segments and then proportionately from the Indexed Account
- Minimum withdrawal is \$500, a partial surrender charge may apply
- Available once per month after the first year if there is a positive net cash surrender value
- If an unscheduled withdrawal is taken from the Indexed Account, employees cannot create new segments in the indexed account for one year. This is called a lock-out period.
- To avoid a lock-out period, employees can schedule systematic withdrawals, i.e., those that are pre-scheduled at least 30 days in advance with a schedule of at least two withdrawals
- If a systematic withdrawal schedule is canceled prior to its end date, employees will not be able to request a new systematic withdrawal schedule for one year

## Premium charge (current and guaranteed)

- **Years 1-10:** 35%
- **Years 11+:** 32%

## Administrative charge (current and guaranteed)

**All policy years:** \$15 per month

## Face amount charge

- Monthly charge per \$1,000 of face amount
- The duration of the charge varies by issue age and underwriting type (streamlined underwriting vs guaranteed issue)
- Rate varies by issue age, sex, and risk class

## Cost of insurance charge

A monthly charge per \$1,000 of the net amount at risk

**Current:** Varies by issue age, sex policy duration and risk class

**Guaranteed:** Reflects the 2017 Loaded C.S.O. Smoker and Gender Distinct Ultimate Age Nearest Birthday mortality tables, adjusted for any applicable ratings



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## Policy value, fees & charges, continued

### Surrender charge

- A surrender charge is deducted in the event of a full surrender and is charged on a pro-rata basis for a withdrawal that results in a base face amount decrease that exceeds 10% of the face amount in effect at issue
- Surrender charge varies by issue age, sex, face amount, premiums paid and policy duration
- The charge grades down monthly over 10 years for streamlined underwriting and 15 years for guaranteed issue and is 0% thereafter

### Advance contribution charge

- An advance contribution charge is assessed on each monthly processing date during policy years 1-10 when the cumulative premiums paid exceed the advance contribution limit times the policy year
- Rate varies by issue age, sex, risk class and duration
- The advance contribution charge rates and advance contribution limit are both shown in the policy contract





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# Strength. Stability. **John Hancock.**

John Hancock is among the highest-rated companies for financial strength and stability as demonstrated by its A+ rating from A.M. Best.<sup>10</sup> Financial strength ratings are a comprehensive measure of a company's financial strength and stability, and are important as they reflect a life insurance company's ability to pay claims in the future. With over 160 years of experience, John Hancock offers customers a diverse range of insurance products and services through its extensive network of employees, agents, and distribution partners.

## For more information about Premier Benefit IUL or our other products:



Contact a **John Hancock sales representative**



Call **National Sales Support at 888-266-7498, option 2**



Visit **JHSalesHub.com**

1. Insurance policies and/or associated riders and features may not be available in all states. Some riders may have additional fees and expenses associated with them.
2. This material does not constitute tax or legal advice. Comments on taxation are based on John Hancock's understanding of current tax law, which is subject to change. No legal, tax or accounting advice can be given by John Hancock, its agents, employees or licensed agents. Prospective purchasers should consult their tax professional for details.
3. Policy issuance is not guaranteed as any life insurance purchase is subject to completion of an application, which may include health questions, and underwriting approval. John Hancock may obtain additional information, including medical records, to evaluate the application for insurance; and after the policy is issued, to identify any misrepresentation in the application.
4. 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 \$40,000. 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 JHSalesHub.com to verify state availability.
5. Standard & Poor's®, S&P®, S&P 500®, Standard & Poor's 500 and 500 are trademarks of Standard and Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. John Hancock has been licensed to use the trademarks of S&P index. The Product is not sponsored, endorsed, sold or promoted by the licensors of the indices and they make no representation regarding the advisability of purchasing the Product. You cannot invest directly in the Indices.
6. 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 59 1/2.
7. Standard loan requests in excess of the Fixed Account balance can be taken from the indexed account, but these loans will be treated similarly to an index loan until the segment maturity, allowing the index loan portion of the loan to be converted into a standard loan.
8. Index loan requests in excess of the Indexed Account will be secured by balances transferred from the Fixed Account to a Loan Account. Only one type of policy loan may be utilized at a given time. If there is an outstanding standard loan, and the policy owner wishes to take an index loan, the existing loan must be repaid first. The opposite is also true; any existing index loan must be repaid before it is possible to take out a new standard loan. Index loan requests in excess of the Index Appreciation Account policy value can be taken as standard loans from the Fixed Account.
9. Premier Benefit IUL policies automatically include a no-lapse guarantee called Death Benefit Protection. This feature guarantees that the policy will not default, even if the cash surrender value falls to zero or below, provided that the Death Benefit Protection Value remains greater than zero and policy debt never exceeds the Policy Value. Once terminated, the Death Benefit Protection feature cannot be reinstated.
10. Second highest of 13 ratings (superior ability to meet ongoing insurance obligations). Financial strength rating is current as of June 30 2023, is subject to change, and applies to John Hancock Life Insurance Company (USA) as a measure of the company's financial ability to pay claims and to honor any guarantees provided by the contract and any applicable optional riders. These companies have also received additional financial strength ratings from other rating agencies. Financial strength ratings are not an assessment, recommendation, or guarantee of specific products and their investment returns or value, do not apply to individual securities held in any portfolio or the practices of an insurance company, and do not apply to the safety and performance of separate accounts.

### **For agent use only. This material may not be used with the public.**

Insurance policies and/or associated riders and features may not be available in all states.

The policy does not directly participate in any stock or equity investments.

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

Vitality is the provider of the John Hancock Vitality Program in connection with the life insurance policy and Healthy Engagement Rider. John Hancock Vitality Program rewards and discounts are available only to the person insured under the eligible life insurance policy.

Note: Each policy is intended to be a voluntary insurance product offered by John Hancock and therefore excluded from coverage under the Employee Retirement Income Security Act of 1974 ("ERISA") as provided in 29 CFR §2510.3-1(j). Employers should seek the advice of their own legal counsel to ensure that the employer complies with all applicable laws and regulations that may be associated with permitting John Hancock to make this voluntary insurance product offering to employees.

You are expected to educate potential applicants on the nature of Premier Benefit IUL and available options, including potential risks associated with the product and options; however, you are not authorized to and should not provide a recommendation, advice, or opinion as to whether the policy is suitable for the applicant's insurance and financial needs.

Insurance products issued by: John Hancock Life Insurance Company (USA), Boston, MA 02116.

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