



## USING VARIABLE LIFE INSURANCE IN RETIREMENT PLANNING

Like many successful people, protecting your family and planning for retirement may be some of your highest financial priorities. However, you may sometimes worry that you do not have enough savings opportunities. After you have taken advantage of traditional approaches such as 401(k)s and IRAs, what other financial tools can help you protect your family and supplement your retirement income? Variable life insurance may be able to help.

### WHAT IS LIFE INSURANCE IN RETIREMENT PLANNING?

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

### HOW DOES IT WORK?

You will apply for a John Hancock Accumulation VUL variable universal life insurance policy on your life. The life insurance policy will provide a death benefit that will be received by your heirs income-tax free.<sup>1</sup> The Accumulation VUL life insurance policy also has the potential to develop a cash value, which will grow on a tax-deferred basis. You will allocate this potential policy cash value among the policy's available underlying investment options, carefully choosing those that correspond to your individual investment objectives and level of risk tolerance. At retirement, you may access any potential policy cash to supplement your retirement income via tax-favored loans and withdrawals.

### BENEFITS

- The life insurance death benefit will be received by your heirs income-tax free.
- The life insurance policy cash value grows on a tax-deferred basis.
- As long as the policy is not designed as a Modified Endowment Contract (MEC), you can take tax-free loans and withdrawals from the cash value.
- Accumulation VUL offers a diversified array of separate account options that covers nearly every major asset class and investment style, managed by some of the nation's leading asset managers.

### CONSIDERATIONS

- The policy cash value is not guaranteed and the amount available for loans and withdrawals may be worth more or less than the original investment amount, depending on the performance of the underlying investment options.
- You should make sure that the policy is not structured as a MEC. Policies classified as MECs may be subject to tax when a loan or withdrawal is made, and a federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.
- Variable life insurance has annual fees and expenses associated with it in addition to life insurance related charges including surrender charges and investment management fees. Variable life insurance products are long-term contracts and are sold by prospectus; they are unsuitable as a short term savings vehicle. The primary purpose of variable life insurance is to provide death benefit protection. Please consult the Accumulation VUL prospectus for a detailed explanation of all charges and fees.
- 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.

## CASE STUDY: ARCHIE GOODWIN

Archie Goodwin (age 45, NS preferred) wants to make sure that his wife and family have enough money should anything happen to him. He also would like to save more money for retirement. He currently participates in his 401(k) plan to the maximum allowed by law, but still would like to put more away. Archie decides to purchase a \$932,881 Accumulation VUL policy with a premium of \$50,000 for 20 years from John Hancock to provide death benefit protection and supplemental retirement income. Assuming a gross hypothetical growth rate of 8.13% (7.25% net) and current mortality charges, here is how the policy might perform.

Year	Premium	Withdrawals and Loans	0% INTEREST, MAXIMUM CHARGES		7.25% NET INTEREST, CURRENT CHARGES	
			Net Cash Value	Net Death Benefit	Net Cash Value	Net Death Benefit
1	50,000	0	20,686	925,476	28,091	932,881
10	50,000	0	365,927	1,251,049	660,362	1,545,484
20	50,000	0	630,148	1,495,863	2,003,017	2,710,486
25	0	167,233	0	0	1,794,617	2,063,810
30	0	167,233	0	0	1,497,736	1,608,851
40	0	167,233	0	0	437,595	606,895

The data shown is taken from an illustration, the purpose of which is to show how the performance of the underlying investment accounts could affect the policy cash value and death benefit. It assumes a hypothetical rate of return and/or current interest crediting rate and may not be used to project or predict investment results. Unless indicated otherwise, these values are not guaranteed. At 0% and with gross maximum charges the policy will lapse in year 24.

As the above chart indicates, Accumulation VUL can provide both death benefit protection for Archie's family pre-retirement, and the potential for supplemental income in retirement.

Please contact 1-800-827-4546, option 0 to obtain product and fund prospectuses. The prospectuses contain complete details on investment objectives, risks, fees, charges and expenses as well as other information about the investment company. Please read the prospectuses carefully containing this and other information on the product and the underlying portfolios and consider these factors carefully before investing. Product and/or product features may not be available in all states.

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1. 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.



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