



# Protection IUL *with Vitality*

## Comprehensive Product Resource Guide

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## Product Overview

John Hancock's Protection IUL is designed to be one of the most competitive products in the industry for low cost death benefit protection. And now your clients can save even more with the John Hancock Vitality Program. Protection IUL with Vitality provides the opportunity to earn interest linked to the performance of the S&P500<sup>1</sup> with downside protection of a guaranteed 0% floor.

Protection IUL with Vitality is the first of its kind IUL solution that helps your clients save money and earn great rewards for the everyday things they do to stay healthy. In fact, the healthier the lifestyle, the more they'll save and the greater the rewards.

## Applications

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### Individual Market

- Source of Income for Heirs
- Estate Liquidity
- Lifetime Gifting Programs
- 1035 Exchanges
- Lifetime Alternative to Term Life
- Term Conversion
- Supplementary Retirement Income
- Dynasty Trusts
- Private Financing
- Sale to a Grantor Trust
- Leveraging a Credit Shelter Trust
- The Power of Permanent Insurance Rates of Return

### Business Market

- Business Continuation
- Executive Bonus Plans
- Buy/Sell Agreements
- Key Person Protection
- Qualified Retirement Plans
- SERP and Deferred Compensation Plans
- Split Dollar and Supplemental Retirement Plans

## Market Focus

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Protection IUL is most appropriate for individual and business clients seeking the lowest cost death benefit protection with the added potential for maximum returns and minimal risk. It has a wide variety of applications: it can provide income protection for families or retirees or provide for estate planning needs. Protection IUL performs well in a variety of funding scenarios, including limited-pay, full-pay, 10-pay and single-pay designs. It is positioned optimally for clients ages 35–70.

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<sup>1</sup> Excluding dividends. Standard & Poor's®, S&P®, S&P 500®, Standard & Poor's 500 and 500 are trademarks of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. and have been licensed for use by John Hancock. The Product is not sponsored, sold, endorsed or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of purchasing the Product. The S&P 500® Index is an index of 500 stocks that are generally representative of the performance of leading companies in leading industries within the U.S. You cannot invest directly in the S&P 500® Index.

# The John Hancock Vitality Program

## A New Kind of Life Insurance

At John Hancock, we're redefining life insurance. Now, your clients can save on premiums and earn valuable rewards and discounts by simply living a healthy life. Protection IUL with Vitality provides you with an opportunity to:

- Help clients save money and earn valuable rewards
- Change the conversation by making it about living a healthy life
- Deliver more value and strengthen relationships throughout a client's lifetime

### About Vitality

We've partnered with Vitality because they're the global leader in integrating wellness benefits with life insurance products. Vitality has an established track-record of creating interactive, personalized programs. Millions of members worldwide use their online tools to identify and track their health and lifestyle goals.

The Vitality Institute offers information, insight, and thought leadership in health promotion and disease prevention — all of which provide a unique benefit to John Hancock customers.

## How it Works

### Get Started

After the policy is issued, the insured begins the program by logging onto the member website and completing the online Vitality Health Review. Soon after, they'll receive a free Fitbit®, along with customized information on their lifestyle relative to their age, individual health goals, and tips on how to achieve them.

### Accumulate Points

Each year members earn Vitality Points for things like exercising, getting annual health screenings, and staying tobacco-free. All they have to do is record their activities using our easy online tools and mobile app. Clients will then earn a Vitality Status (Bronze, Silver, Gold or Platinum) based on the number of points they accumulate each year. The more points they earn, the higher their Vitality Status and the greater their potential savings and rewards. **They can even carry over 10% of their points each year.**

**There are a number of ways to accumulate points. The core program is made up of the following categories:**

### VITALITY HEALTH REVIEW

| Activity                              | Points | Maximum           |
|---------------------------------------|--------|-------------------|
| Annual Vitality Health Review (VHR)   | 500    | Once per year     |
| Bonus – Complete VHR in first 90 days | 250    | Once per year     |
| Bonus – First time VHR                | 500    | Once per lifetime |

### PHYSICAL ACTIVITY

| Activity  | Points       | Maximum   |
|---|--------------|---|
| Physical activity review                          | 250          | Once per year   |
| <b>Workouts</b>                                   |              |   |
| Light workout (5,000 to 9,999 steps per day)      | 10           | You can earn points for one verified workout per day (30 point maximum). When multiple workouts are recorded for the same day, you'll be credited with the one that is worth the most points. |
| Standard workout (10,000 to 14,999 steps per day) | 20           |   |
| Advanced workout (15,000 or more steps per day)   | 30           |   |
| <b>Athletic Events</b>                            |              |   |
| Level 1   | 250          | Subject to category maximum   |
| Level 2   | 350          | Subject to category maximum   |
| Level 3   | 500          | Subject to category maximum   |
| <b>Physical Activity Category Maximum</b>         | <b>7,000</b> | <b>Annually</b>   |

## VITALITY CHECK (ANNUAL HEALTH SCREENING)

| Activity               | Points | Maximum                                    |
|------------------------|--------|--|
| Mass Index (BMI) check | 125    | Once per year                              |
| BMI of 18.5-24.9       | 1,000  | Once per year                              |
| BMI of 25-28           | 500    | If BMI improves (18.5-24.9) add 500 points |
| Glucose check          | 125    | Once per year                              |
| Reading of <100 mg/dL  | 1,000  | Once per year                              |
| Cholesterol check      | 125    | Once per year                              |
| Reading of <200 mg/dL  | 1,000  | Once per year                              |
| Blood pressure check   | 125    | Once per year                              |
| Reading of < 120/80    | 1,000  | Once per year                              |
| Non-tobacco user       | 1,000  | Once per year                              |

## PREVENTION

| Activity              | Points | Maximum       |
|-----------------------|--------|---------------|
| Annual flu shot       | 400    | Once per year |
| Pap Smear screening   | 200    | Once per year |
| Mammogram screening   | 200    | Once per year |
| Colonoscopy screening | 200    | Once per year |
| Dental screening      | 200    | Once per year |

## ONLINE EDUCATION

| Activity                      | Points  | Maximum       |
|-------------------------------|---------|---------------|
| Health assessment calculators | 25 each | Four per year |
| Mental well-being reviews     | 50 each | Four per year |
| Nutrition courses             | 75 each | Six per year  |
| Health assessment calculators | 25 each | Four per year |

## ADDITIONAL POINTS

| Activity                                    | Points | Maximum       |
|---|--------|---------------|
| Carry over of 10% of previous year's points | Varies | N/A           |
| Update email address                        | 50     | Once per year |

## Earn Status

Based on the number of points they accumulate, your clients will earn a Vitality Status — Bronze, Silver, Gold, or Platinum.

| Vitality Status | Points needed |
|-----------------|---------------|
| Bronze          | 0             |
| Silver          | 3,500         |
| Gold            | 7,000         |
| Platinum        | 10,000        |

## Enjoy Savings and Rewards

The insured's healthy behaviors determine their premiums and can also lead to rewards for travel, shopping, and entertainment.

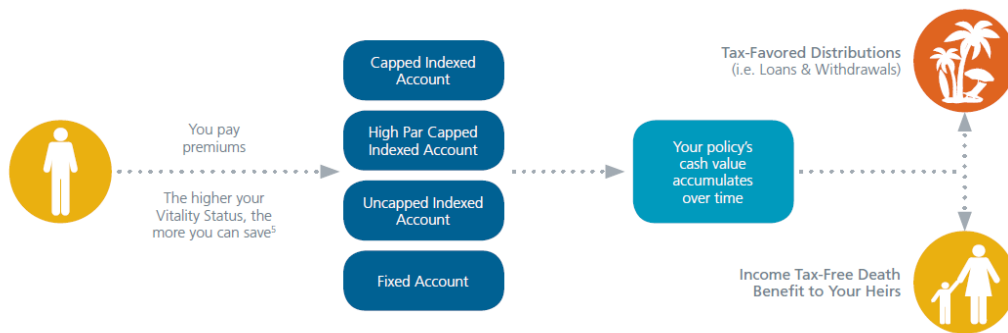


Please note: In the event the owner is not the insured, the insured will receive all of the Vitality program rewards.

## Policy Value

### How a Protection IUL Policy Works

When clients make a premium payment, a Premium Charge is deducted. Premiums to support the death benefit can be allocated among three options: a Fixed Account<sup>2</sup> and three Indexed Account options (Capped, Uncapped and High Par Indexed Accounts). The Capped Indexed Account, Uncapped Indexed Account and High Par Indexed Account options form the Index Appreciation Account. Designated policy values are formed into new Segments on the 15th of each month. At Segment Maturity (one year), an Index Segment Interest Credit is applied to the Segment and clients can then allocate their segment proceeds among any of the account options. Clients are also able to access the Policy Value via withdrawals or policy loans. Upon death, the policy's death benefit, less outstanding loans and interest, will be paid to the beneficiaries.



### In Force Illustrations

To ensure that your client's policy continues to meet their objectives, we suggest that in addition to reviewing annual statements, in force illustrations are periodically requested. In force illustrations will provide an updated projection of the policy.

### Protection IUL Interest Crediting

Protection IUL policy premium payments may be allocated (after deduction of a Premium Charge) to the Fixed Account, the Capped Indexed Account, Uncapped Indexed Account, the High Par Indexed Account or any combination of these accounts. The three Indexed Accounts are collectively known as the Index Appreciation Account. Amounts held in the Fixed Account (as well as amounts allocated to an Indexed Account that have not yet been designated to a Segment) earn a rate of interest as described in the Fixed Account Interest section (below).

<sup>2</sup> Contractually, the Fixed Account is referred to as the Guaranteed Interest Account.

- Amounts allocated to the Indexed Accounts form individual Segments.
- Segments are formed once per calendar month, on a Segment Initiation Date, and may earn an Index Segment Interest Credit at the end of a one year Segment Term. This is further described in the Capped Indexed Account, Uncapped Indexed Account and High Par Indexed Account sections.
- The Index Segment Interest Credit is calculated using a formula described in the policy that references an outside Index (Standard & Poor's 500 Composite Stock Price Index), excluding dividends and as measured on a point-to-point basis.
- The Indexed Accounts have a guaranteed Segment Floor Rate of 0%; however each reflects the positive performance of the Index differently. These differences are described further in the Capped Indexed Account, Uncapped Indexed Account and High Par Indexed Account sections.
- As each Segment matures, the policy owner may choose to allocate the Segment Proceeds to a different account option, or by default have it roll over to a new Segment of the same account type.

The Policy Value comprises the Fixed Account, the Index Appreciation Account, and a Loan Account, when applicable. We deduct the Monthly Deduction and any other charges from the Fixed Account and the Index Appreciation Account proportionately. Like other types of Universal Life policies, the owner may also take policy loans or withdrawals from the Policy Value, subject to certain limits and restrictions.

## Fixed Account Interest

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Policy Value allocated to the Fixed Account is deposited into the company's General Account and credited interest at a declared rate.

Each month, John Hancock evaluates the current rate of interest used to credit the Policy Value within the Fixed Account. The credited interest rate is a portfolio rate, reflecting the average earnings of the Universal Life Portfolio; a portfolio composed of an assortment of high-quality assets. The portfolio approach is designed to lead to less frequent rate changes than one might find using a "new money" approach.. The current crediting rate will never be less than the guaranteed<sup>3</sup> 2% interest rate.

- Current: As declared
- Guaranteed: 2.00%

## Persistency Bonus

There is a (non-guaranteed) Persistency Bonus that is applied to the Fixed Account interest rate beginning in Policy Year 11, and thereafter.

- The Persistency Bonus is only applied to the un-loaned portion of Policy Value allocated to the Fixed Account and any amounts allocated to an Indexed Account not yet designated to a Segment.
- Currently the Persistency Bonus adds an additional 0.65% to the currently credited Fixed Account rate in years 11+.
- **New York Policies** – In New York, the Persistency Bonus is guaranteed and will be applied only if the currently credited Fixed Account rate is equal to or greater than 3.00%

## Index Appreciation Account

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Policy Value allocated to the Index Appreciation Account earns an interest rate linked to the S&P 500 using a yearly point-to-point method. There are three Index Appreciation Account options, the **Capped Indexed Account**, **Uncapped Indexed Account** and the **High Par Indexed Account**.

- Up to 12 Index Segments can exist in each Indexed Account – one for each month.
- Each Segment matures after 12 months, on its Segment Maturity Date.
- At its Segment Maturity Date, Segment Proceeds are allocated to a new 1-year Segment along with any Policy Value allocated from other sources to the same Indexed Account. The policy owner may also direct the proceeds to be allocated to a different Indexed Account or to the Fixed Account.
- Allocation and transfer instructions, and any new premium payments must be received at least three business days (the Lock In Date) prior to the Segment Initiation Date in order to be included in the next Segment.
- Index Segments are created on the 15th of each month and interest, in the form of an Indexed Segment Interest Credit, is credited separately to each Segment at its maturity.

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<sup>3</sup> Guaranteed product features are dependent upon minimum premium requirements and the claims paying ability of the issuer.

- Transfers from the Fixed Account and new premiums allocated to the Indexed Accounts earn interest at the Fixed Account Rate until designated to a Segment.
- There is a Guaranteed Indexed Account Multiplier that will be applied to interest earned in the Index Appreciation Account at the beginning of policy year 6. Beginning in policy year 6, the multiplier increases the interest earned in each maturing Indexed Segment by 15.00%

## **Capped Indexed Account**

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Segments in the Capped Indexed Account may earn an Index Segment Interest Credit based on the performance of the Index, subject to the following:

- 10.5%<sup>4</sup> current Segment Cap Rate (guaranteed 3.0% Segment Minimum Cap Rate);
- 0% guaranteed Segment Floor Rate;
- S&P 500 Index, without dividends;
- 1 year Segment Term; and
- 100% guaranteed Participation Rate.

On its Segment Maturity Date, each Segment earns an Index Segment Credit at a Segment Growth Rate equal to the rate of change in the Index during the Segment Term multiplied by the Participation Rate. The Segment Growth Rate is floored at the 0% Segment Floor Rate and capped at the Segment Cap Rate. Starting in Policy Year 6, the Segment Growth Rate is multiplied by 1.15.

John Hancock may change the Segment Cap Rate for future Segments; however it will never be less than the Segment Minimum Cap Rate. The rate in effect on the Segment Initiation Date is guaranteed for the full duration of that Segment Term.

## **Uncapped Indexed Account**

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Segments in the Uncapped Indexed Account may earn an Index Segment Interest Credit based on the performance of the Index, subject to the following:

- No Segment Cap Rate;
- 6.50%<sup>5</sup> current Segment Threshold Rate (20% guaranteed Segment Maximum Threshold Rate);
- 0% guaranteed Segment Floor Rate;
- S&P 500 Index, without dividends;
- 1 year Segment Term; and
- 100% guaranteed Participation Rate.

On its Segment Maturity Date, each Segment earns an Index Segment Credit at a Segment Growth Rate equal to the rate of change in the Index during the Segment Term minus the Segment Threshold Rate. The Segment Growth Rate is floored at the 0% Segment Floor Rate. Starting in Policy Year 6, the Segment Growth Rate is multiplied by 1.15.

John Hancock may change the Segment Threshold Rate for future Segments; however it will never be greater than the Segment Maximum Threshold Rate. The rate in effect on the Segment Initiation Date is guaranteed for the full duration of that Segment Term.

## **High Par Capped Indexed Account**

Segments in the High Par Indexed Account may earn an Index Segment Interest Credit based on the performance of the Index, subject to the following:

- 9%<sup>6</sup> current Segment Cap Rate (guaranteed 2.5% Segment Minimum Cap Rate in all jurisdictions);

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<sup>4</sup> For New York policies, the current Segment Cap Rate is 9.5%.

<sup>5</sup> For New York policies, the current Segment Threshold Rate is 7.0%.

<sup>6</sup> For New York policies, the current Segment Cap Rate is 8%.

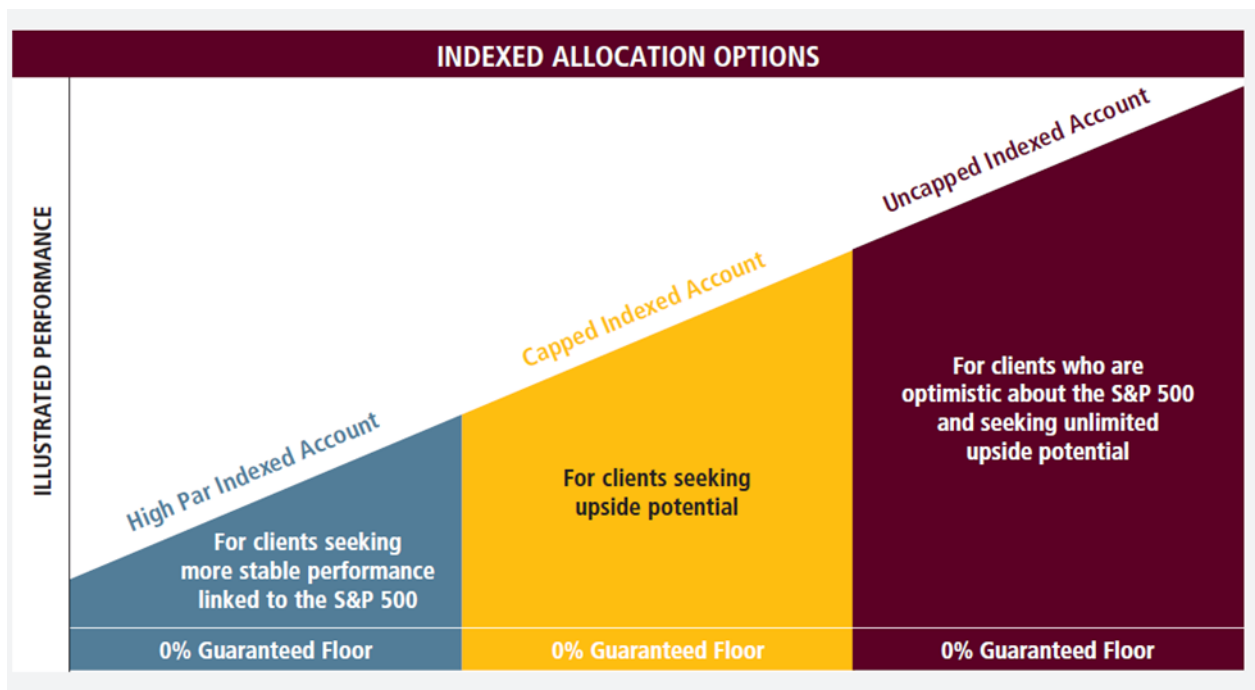


- 160% Participation Rate (140% guaranteed)
- 0% guaranteed Segment Floor Rate;
- S&P 500 Index, without dividends; and
- 1-year Segment Term

On its Segment Maturity Date, each Segment earns an Index Segment Credit at a Segment Growth Rate equal to the rate of change in the Index during the Segment Term multiplied by the Participation Rate. The Segment Growth Rate is floored at the 0% Segment Floor Rate and capped at the Segment Cap Rate. Starting in Policy Year 6, the Segment Growth Rate is multiplied by 1.15.

John Hancock may change the Segment Cap Rate for future Segments; however it will never be less than the Segment Minimum Cap Rate. John Hancock may also change the participation rate for future segments; however it will never be less than the guaranteed Participation Rate. The rate in effect on the Segment Initiation Date is guaranteed for the full duration of that Segment Term.

## Indexed Allocation Options



## Premium and Segment Proceeds Allocations

Premium allocation instructions as well as Segment Proceeds allocations are both subject to the Lock In Date and may be subject to a Lock Out Period. Protection IUL's Lock In Date is the end of the third Business Day prior to the Segment Initiation Date, and the Segment Initiation Date is the 15<sup>th</sup> of each calendar month. A Lock Out Period only occurs as a result of some types of withdrawals. See the Withdrawals section for more information on the Lock Out Period.

### Premium Allocations

John Hancock allocates Net Premiums (premium received less a Premium Charge) as instructed by the policy owner to any combination of the Fixed Account, the Capped Indexed Account, Uncapped Indexed Account and the High Par Indexed Account.

- Any amounts allocated to an Indexed Account earn interest at the same rate as the Fixed Account, until being designated to a Segment.

- Net Premiums received prior to the Lock In Date and allocated to an Indexed Account will be included in the Initial Segment Balance for a new Segment at that Segment Initiation Date.
- Net Premiums received after a Lock In Date and allocated to an Indexed Account will be included in an Initial Segment Balance for a new Segment on the next following Segment Initiation Date.
- Any change requested to premium allocation instructions will affect the allocation of future premiums, but not change the allocation of any previous premium payments made.

### **Segment Proceeds Allocations**

On the Segment Maturity Date maturing Segment Proceeds are allocated as instructed by the policy owner to any combination of the Fixed Account, the Capped Indexed Account, High Par Capped Indexed Account and the Uncapped Indexed Account.

- Indexed Account Segment Proceeds allocation instructions received after the Lock In Date will only apply to Indexed Account Segments maturing on the next following Segment Maturity Date.
- In the absence of Segment Proceeds reallocation instructions, a maturing Segment will by default reallocate to a new Segment of the same Indexed Account type.

**Example:** If the Segment starts in January, the policy owner has until the next January to change where maturing Segments are allocated.

### **Transfers to the Indexed Accounts**

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At any time, a policy owner may transfer a portion of their Policy Value from the Fixed Account to any of the Indexed Accounts.

- Amounts transferred to an Indexed Account prior to the Lock In Date will be included in the Indexed Account's Initial Segment Balance at that month's Segment Initiation Date.
- Amounts transferred to an Indexed Account after a Lock In Date will be included in the Initial Segment Balance on the next following month's Segment Initiation Date.
- A request to transfer Policy Value to an Indexed Account may be specified as a dollar amount or a percentage of the Fixed Account.
- Transferring balances from the Indexed Account to the Fixed Account is not allowed; however the policy owner may elect to allocate maturing Segment Proceeds to the Fixed Account. Those funds move to the Fixed Account at the Segment Maturity Date.
- Transfers are subject to a Lock Out Period following a withdrawal from a Segment as described in the Withdrawals section.

### **Automated Transfers**

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Helps reduce exposure to market volatility by transferring a set dollar amount from the Fixed Account to the Indexed Account(s) every month. In order to use the Automated Transfer Option:

- The policy owner initially allocates some portion of their net premium (up to 100%) to the Fixed Account, and then completes a Transfer and Allocation Change form specifying the amount that they wish to have transferred to any of the Indexed Accounts each month.
- Then on each monthly processing date, we begin transferring the requested amount as directed by the policy owner. Assuming that the transfer request is submitted at least three business days before the Segment Initiation Date, a new Segment will be created on the next Segment Initiation Date.
- 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.

### **Allocation & Transfer Cancellation**

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Should a policy owner change their mind and wish to cancel a previously requested allocation and/or transfer to the Indexed Accounts, prior to those amounts being allocated to a new Segment, the policyowner may submit a cancellation request.

- Cancellation requests must be in writing, and submitted no later than the Lock In Date.

- A cancellation changes the earlier transfer and/or allocation of funds instructions, and results in a direction of those amounts to the Fixed Account.

## Cumulative Guarantee

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A Cumulative Guarantee ensures a minimum average annualized rate of return of 2% (less policy charges) over the life of the policy, upon surrender. Protection IUL policies includes a Cumulative Guarantee used for purposes of calculating the Insurance Benefit and the Cash Surrender Value. The Policy Value used for these purposes (only) is the greater of the usual Policy Value and an alternate Policy Value calculated assuming:

- Net Premiums accumulate at interest in the manner applicable to amounts accumulated in the Fixed Account;
- Monthly Deductions and withdrawals, including any applicable charges, are made from the amount accumulated as described above, in the manner applicable to the Fixed Account; and
- A 2% Cumulative Guaranteed Interest Rate is used to credit this amount.

The Cumulative Guarantee does not increase the amount available for withdrawals or policy loans, and does not affect the amount available for transfers or allocations.

## Flexible Death Benefit Options

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Policy owners choose a level or an increasing death benefit at the time the policy is issued.

### Option 1 — Level

Under Option 1, the death benefit is equal to the Face Amount plus the Return of Premium (ROP) rider, if elected. As the Policy Value increases, the pure insurance protection (Net Amount at Risk) decreases. Cost of Insurance charges are assessed on the basis of the Net Amount at Risk.

If the Return of Premium (ROP) rider is elected, the death benefit will increase according to the provision of the ROP rider. For additional information, please see the Return of Premium, in the [Policy Riders](#) section.

### Option 2 — Increasing

Under Option 2, the death benefit equals the Face Amount plus the Policy Value (note that some riders are not available in combination with this option). The result is a death benefit pattern that varies based on the Policy Value. Policy owners should select the increasing death benefit option if they wish to have the Policy Value reflected in the death benefit; so that any increase in the Policy Value will increase the death benefit.

## Death Benefit Option Changes

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Policy owners may switch from Death Benefit Option 2 to Death Benefit Option 1 after the first policy year. This is a contractual change that must be requested in writing. A switch in options is effective on the next Monthly Processing Date. Death Benefit Option changes from Option 1 to Option 2 are not permitted.

- Changing from the Increasing Death Benefit Option (2) to the Level Death Benefit Option (1) is not considered a material change for Technical and Miscellaneous Revenue Act (TAMRA) purposes because the overall death benefit will not increase. No additional underwriting is required.

## Definition of Life Insurance

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The test used to determine if a policy qualifies as life insurance for income tax purposes:

- Cash Value Accumulation Test (CVAT)

## Available Coverage

### Face Amount (FA)

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All Protection IUL policies include a Face Amount; which is the principle life insurance coverage provided by the policy.

### Supplemental Face Amount (SFA)

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SFA is not available on Protection IUL.

### Face Amount Limits

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#### Minimum Face Amount

Face Amount: \$50,000 (\$300,000 in New York)

#### Maximum Face Amount at Issue

There is no specific maximum Face Amount; however the Face Amount is subject to underwriting and retention limits.

#### Face Amount Increases

Face Amount increases are not permitted on Protection IUL.

#### Face Amount Decreases

- Allowed after first policy year
- Minimum requested Face Amount decrease is \$50,000
- Face Amount may not be decreased below Minimum Face Amount
- Pro-rata Surrender Charges will apply during the Surrender Charge period
- A 10% Face Amount decrease is permitted without a Surrender Charge at the time of the decrease

## Product Features

### Issue Ages and Risk Classes

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#### Fully-Underwritten Risk Classes

#### Issue Ages

|                            |               |
|----------------------------|---------------|
| Super Preferred Non Smoker | 20 – 80       |
| Preferred Non Smoker       | 20 – 90       |
| Standard Plus Non Smoker   | 20 – 90       |
| Standard Non Smoker        | 3 months – 90 |
| Substandard Non Smoker     | 3 months – 90 |
| Preferred Smoker           | 20 – 90       |
| Standard Smoker            | 20 – 90       |
| Substandard Smoker         | 20 – 90       |

*Note: Protection IUL with Vitality available at ages 20-70*

**Flat Extras** – Non-medical flat extras for aviation, avocations, and foreign risks are allowed on all fully underwritten risk classes except Super Preferred. Medical flat extras are not allowed on risk classes better than Standard. See the Underwriting Guide for complete details.

## No-Lapse Guarantee (NLG)

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The policy's no-lapse guarantee is called Death Benefit Protection. While this feature is in effect, the policy is guaranteed not to default. Protection IUL's no-lapse guarantee duration will vary based upon issue age, gender and risk class as well as chosen funding level. The maximum no-lapse guarantee duration will be stated on the illustration and in the policy contract.

Typical Death Benefit Protection durations are shown below. A minimum level of premium is required in order to keep Death Benefit Protection in effect. Death benefit option changes, loans, withdrawals, and rider changes could potentially terminate the no-lapse feature early. Death Benefit Protection will not keep the policy out of default should policy debt ever exceed the Policy Value.

When solving for lifetime coverage at the current interest rate, the guarantee generally lasts:

| <u>Issue Age</u> | <u>No-Lapse Guarantee Duration</u> |
|------------------|------------------------------------|
| 0-70             | At least 20 years                  |
| 70+              | At least to Life Expectancy        |

The maximum no-lapse guarantee duration is to age 121.

Life expectancy calculations are based on 2008 VBT mortality table. Life Expectancy (LE) tables are based on actual mortality experience collected from sources such as the life insurance companies and the Social Security Administration. As used in this presentation, LE tables show the average probability of death by a certain age. The LE data provided in this presentation is not necessarily indicative of life expectancy, and the insured may live longer than indicated by the table. The LE tables used are not tailored to a particular situation or risk class; rather, they are based on population averages and are presented merely to help form a generalized idea of potential ages at death.

### Death Benefit Protection Value

During the Death Benefit Protection Period, a reference value known as the Net Death Benefit Protection Value must remain greater than zero to maintain the no-lapse guarantee. The Death Benefit Protection Value is used solely for determining whether the Death Benefit Protection 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; however uses some rates that are unique. 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 amount as scheduled will keep the Death Benefit Protection in effect. If however the Death Benefit Protection feature is ever allowed to terminate at any point, it may not be reinstated.

## Quit Smoking Incentive

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The Quit Smoking Incentive (QSI) allows all Standard and Preferred Smokers to receive Standard Non Smoker policy charges for the first three policy years. To maintain Non Smoker policy charges beyond year three, the insured must provide satisfactory evidence\* that he/she has quit smoking for at least 12 consecutive months and their microurialysis must be free of nicotine or metabolites.

Please note the following:

- Available for issue ages 20–70
- Not available for substandard ratings
- Term Conversions and internal replacements will require additional underwriting if the original policy (replaced or converted) was issued more than three years ago
- Policies upgraded to Standard Smoker via the HealthStyles program will require additional underwriting
- The earliest an insured can request a change to Non Smoker is on or after the first policy anniversary

\*For more details on the underwriting evidence required, please refer to our smoking class change guidelines.

## Coverage Beyond Age 121

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

- Policy and rider charges cease
- Premiums are not required or permitted

- Interest continues to accumulate on the Policy Value
- New loans and withdrawals are allowed
- 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 debt ever equals or exceeds the Policy Value)
- Persistency Bonus will cease

## **Flexible Premium Payments**

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Policy owners may choose when to make premium payments and how much to pay (the maximum subject to underwriting and tax implications).

### **Minimum Initial Premium (MIP)**

This is the premium amount required to issue the policy, including all riders in force for the first policy month.

- If the Cash Value Enhancement (CVE) is elected, the \$500 rider charge is added to the MIP calculation.
- A greater amount of initial premium is also required if the policy is backdated.

### **Maximum First-Year Premium**

- First year premiums on MEC policies are limited to a maximum of \$5 million.
- First year premiums on all policies are limited to a maximum of 20 times the basic Target Premium.

### **Target Commissionable Premium (TCP)**

This is the amount of premium that is fully commissionable. The target premium includes all commissionable riders and substandard ratings, but excludes flat extras. This premium will not necessarily keep the policy in force to age 121.

### **Rolling Targets**

If the premium received in the first year is less than the Target Commissionable Premium, premium paid in the second year up to the TCP will earn first year commission rate. Rolling Targets is not available in New York.

### **Planned Premium**

The premium the policy owner plans to pay, subject to maximum premium limits. The Planned Premium may be changed at any time. The available premium modes are:

- Annual;
- Semi-annual;
- Quarterly; or
- Monthly (requires electronic fund transfer)

### **7-Pay Premium**

The 7-pay premiums will be based on the guaranteed COI rates and 4% interest. The 7-pay test is initiated at issue and each time there is a material change (a change in the terms or benefits under the contract). Failure of the policy to pass the 7-pay test will result in the reclassification of the policy as a Modified Endowment Contract (MEC), rather than as a regular life insurance contract. In order to pass the 7-pay test, a policy's cumulative premium payments may not exceed the cumulative 7-pay maximum annual premium. The 7-pay premium is based on the lowest death benefit within seven years of issue or within seven years of a material change.

### **LifeTrack Policy Management**

LifeTrack is an optional approach to policy management. This industry-first, quick and easy solution is designed to keep your clients' policies on track to meet their coverage objectives. Each year, LifeTrack automatically calculates a premium that takes into account actual policy performance and updated assumptions about the future. With LifeTrack, you can be confident your clients are paying the right amount of premium to meet their goals. We'll even send them an Annual Report showing how their policies are tracking relative to these objectives, along with an email showing how much more they can save by reaching a higher Vitality Status level. For more information please refer to the LifeTrack Frequently Asked Questions (FAQ) posted on your producer website.

## Policy Riders

### Vitality Program (Healthy Engagement Rider)

The Vitality Program provides an opportunity for the Policy Value to earn Rider Credits based on healthy actions taken by the insured each year through attained age 80. Each year, the insured can earn Vitality Points by completing simple health-related activities. These points are used to determine the Vitality Status in any given year. The Vitality Status on each policy anniversary is used to determine the level of Rider Credits applied to a policy.

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- Available for all risk classes (including substandard) from issue ages 20-70
- Not available to foreign residents
- Available on policies of any size. For policies with a death benefit greater than \$20M, credits will be applied to the first \$20M of death benefit. The maximum face amount per life insured for all policies with the Healthy Engagement coverage is \$20,000,000.
- The Rider Credit that applies to the Policy Value is equal to that month's Cost of Insurance Charges multiplied by that Policy Year's Rider Credit Multiplier. The Rider Credit Multiplier is determined by the Vitality Status attained by the insured over the last twenty Policy Years. This allows the insured's healthy actions to have a positive effect on the policy for up to twenty years after those actions are taken.
- A monthly charge of \$2 is deducted through attained age 80 if the rider is elected.
- The rider can be cancelled at any time by policy owner request. Once cancelled, the rider cannot be reinstated.
- At the earlier of attained age 80 or when the policy owner cancels this rider, the charge will cease, no new Status levels will be attained, and all previously earned Rider Credits will continue to apply to the policy.
- The rider credit will be applied to the fixed account and index accounts in the same proportion as the value of these accounts compared to the total Policy Value.

### Cash Value Enhancement (CVE) Rider

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This rider enhances the Cash Surrender Value for the first five policy years; by waiving a portion of the surrender charge that otherwise would be deducted if the policy is (fully) surrendered during this period. Conditions apply, including that the surrender cannot be done with the intention of exchanging the policy under IRS Section 1035.

|                     |  |
|---------------------|--|
| <b>Cost</b>         | There is a one-time charge of \$500 payable at issue.              |
| <b>Compensation</b> | This rider impacts compensation and extends the chargeback period. |
| <b>Termination</b>  | The benefit terminates when the policy is terminated.              |

### Return of Premium (ROP) Rider

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The Return of Premium (ROP) rider provides policy owners with an additional insurance amount equal to a percentage of premiums paid, up to 100%.

The Return of Premium Rider allows policy owners to select a percentage of the premiums paid to be returned to the beneficiaries in addition to the death benefit. There are costs associated with the ROP rider, as well as limitations on the cumulative amount that can be returned. Not available in conjunction with certain other riders, as noted below.

The amount of ROP coverage cannot exceed the maximum benefit amount, which is determined at policy issue and is stated on the Policy Information page. The initial value of the ROP is equal to the ROP percentage times the initial premium paid. Any subsequent premiums will increase the coverage at the time of the payment by the ROP percentage times that premium, up to the maximum benefit amount.

|                    |  |
|--------------------|--|
| <b>Cost</b>        | The Cost of Insurance for the Return of Premium rider is charged monthly as part of the Monthly Deduction under the policy, and ceases when Monthly Deductions cease under the policy. |
| <b>Increases</b>   | The ROP rate may not be increased from the percentage elected at issue.  |
| <b>Decreases</b>   | The policy owner can however request a decrease in the Return of Premium Death Benefit coverage rate post-issue.   |
| <b>Termination</b> | The benefit terminates at the same time as the policy. It cannot be terminated prior to the policy.  |

**Note:** This rider is only available at issue with Death Benefit Option 1. It may not be used in conjunction with Disability Payment of Specified Premium, or Long Term Care riders.

## Disability Payment of Specified Premium

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This optional rider provides an increased level of protection in the event the insured becomes totally disabled, as defined in the rider contract. In addition to paying the cost of various charges within the policy, it offers the possibility for continued cash value growth. This can be important in the policy owner's overall planning, particularly if the insured recovers from the disability, and can resume premium payments.

|  |   |
|--|---|
| <b>Issue Ages</b>                        | 20 – 60   |
| <b>Cost</b>                              | A rate per \$1,000 of Specified Premium<br>Rates vary by issue age, gender and smoking status.  |
| <b>Maximum Specified Monthly Premium</b> | The lesser of: 1/12 TCP, 1/12 Annual Premium or \$3,500.  |
| <b>Benefit Duration</b>                  | <ul style="list-style-type: none"><li>• <i>For a disability that begins before the Policy Anniversary nearest the insured's 60<sup>th</sup> birthday</i> – The specified premium will be paid while the insured remains disabled until the policy is terminated.</li><li>• <i>For a disability that begins on or after the Policy Anniversary nearest the insured's 60<sup>th</sup> birthday</i> – The specified premium will be paid while the insured remains disabled until the policy anniversary nearest the insured's 65<sup>th</sup> birthday, or the policy is terminated, whichever comes first.</li></ul> |
| <b>Termination</b>                       | <ul style="list-style-type: none"><li>• The benefit terminates at the same time as the policy.</li><li>• The policy owner can also terminate the rider at any time.</li></ul>   |

**Note:** The Disability Payment of Specified Premium rider is not available with the ROP rider.

## Accelerated Benefit Rider

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The Accelerated Benefit Rider provides a "living benefit" if the insured is certified to be terminally ill (documented life expectancy of one year or less). This rider provides up to 50% of the death benefit, with a maximum of \$1,000,000. The benefit may be added at any time to a policy in good standing, regardless of current health, provided that the policy meets the following conditions:

|                                |  |
|--------------------------------|--|
| <b>Age Restrictions</b>        | There are no age restrictions to add or exercise this rider.   |
| <b>Other Conditions</b>        | <ul style="list-style-type: none"><li>• There must be at least one year remaining in the benefit period.</li><li>• The consent of an irrevocable beneficiary and/or an assignee (if any) is required.</li><li>• The benefit must be claimed voluntarily and not to satisfy creditors or for government benefits.</li></ul> |
| <b>Death Benefit Reduction</b> | The death benefit is reduced by the rider benefit amount plus one year's interest at current loan rates on the benefit paid, plus any administrative expense charge.   |
| <b>Cost</b>                    | There is no additional charge for this rider if it is never invoked, and its addition to a policy does not affect the premiums due or any interest paid on the policy.   |
| <b>Tax Considerations</b>      | Benefits may be taxable under current tax law. Policy owners should consult their personal tax advisors regarding the tax implications of benefits received under the Accelerated Benefit.   |



## Long-Term Care (LTC) Rider<sup>7</sup>

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Provides funds to help pay for qualified long-term care expenses by accelerating the death benefit. The Maximum Monthly Benefit Amount is based on 1%, 2% or 4% of the accelerated benefit amount elected at issue. The rider is available on level (Option 1) and increasing (Option 2) death benefit options.\*

- Not available with ROP rider
- The Long-Term Care pool can differ from the Death Benefit (LTC pool can never be greater)\*
- In New York, the LTC rider is only available when the Accelerated Benefit rider has also been elected
- A separate charge is deducted if this optional rider is selected
- Note: If the LTC rider is selected, the maximum monthly benefit is \$50,000 per insured.

## Policy Charges and Credits

### Premium Charge

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The premium charge is a percentage of each premium paid, which is deducted from the premium at the time that it is received, before applying the payment to the Policy Value. The same rates apply both current and guaranteed.

**Policy Year 1-10**      35%

**Policy Years 11+**      32%

### Administrative Charge

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This charge is a flat fee applied each month as part of the Monthly Deduction. The current and guaranteed charges are the same, and the rate remains level in all policy years.

\$15 per month in all policy years

### Per \$1,000 Face Amount Charge

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The Per \$1,000 Face Amount Charge is known more simply as the *Contract Charge* in the policy contract and all client materials. This is a monthly charge per \$1,000 of current Face Amount.

- The duration of the charge varies based on issue age from a minimum of 10 years to a maximum of 45 years (the maximum charge duration occurs at issue age 0).
- The rates are guaranteed.
- The Per \$1,000 rates varies by issue age, gender, risk class, and policy duration.

### Cost of Insurance (COI) Charge

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The COI is a charge per \$1,000 of Net Amount at Risk that is deducted monthly for the Face Amount and ROP coverages.

- Current Standard Non Smoker rates are used for the first three years for Preferred and Standard Smokers.

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<sup>7</sup> 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](http://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. Note: If the LTC rider is selected, the maximum monthly benefit is \$50,000 per insured.

\*Not available in all states.

**Note:** For additional information on this rider, please see the Long-Term Care Rider Technical Guide, which is available at your producer website.

- The current COI rates vary based on issue age, gender, risk class, and policy duration.
- The guaranteed COI rates are based on the 2001 CSO sex-distinct, smoker-distinct, ultimate mortality table rates, and are listed in the policy contract.

## Asset Bonus

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Beginning in policy year 11, the Asset Bonus will be applied to the balances in the Capped Indexed Account, High Par Capped Indexed Account, Uncapped Indexed Account and Fixed Account.

- The Asset Bonus is a **guaranteed feature**
- The Asset Bonus rate varies by gender, risk class, and policy duration
- The Asset Bonus is reduced any time the Policy Value exceeds the Face Amount

## Surrender Charge

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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 the Face Amount decrease.

- The Surrender Charge is only applied to the Face Amount. There is no charge applicable to ROP.
- Surrender Charge rates vary by issue age, gender, face amount, premiums paid and policy duration.
- The Surrender Charge period lasts for 10 years from issue.
- The charge grades down monthly according to an amortization schedule, with a rate of 0% in policy years 11 and thereafter.

## Advance Contribution Charge

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An Advance Contribution Charge is assessed on each monthly processing date when the cumulative premiums paid exceed the Advance Contribution Limit times the Policy Year. The Advance Contribution Charge rates and Advance Contribution Limit are both shown in the policy contract.

## Accessing the Policy Value

There are two methods for accessing the Policy Value: Policy Loans and a Withdrawal of Policy Value.<sup>8</sup> There are also two different policy loan options – a Standard Loan and an Index Loan. It's important to understand the differences between these options as well as the possible affects a loan or withdrawal can have on a policy.

## Policy Loans

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The net death benefit is reduced by the amount of the loan. 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.

|                      |  |
|----------------------|--|
| <b>Availability</b>  | Policy loans are available at any time after the policy is in force.   |
| <b>Minimum Loan</b>  | \$500  |
| <b>Maximum Loan</b>  | The maximum loan amount available is the Net Cash Surrender Value (the Cash Surrender Value adjusted for any outstanding loans), minus estimated loan interest and the Monthly Deductions due to the next Policy Anniversary; however the amount available is never less than 90% of the Net Cash Surrender Value.     |
| <b>Standard Loan</b> | When policy owners borrow a portion of their policy value in the form of a Standard Loan, we transfer the same amount (to the extent possible) from the Fixed Account into a Loan Account. <ul style="list-style-type: none"> <li>• The Loan Account balance serves as collateral for the outstanding loan.</li> </ul> |

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<sup>8</sup> 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 ½. Cash value available for loans and withdrawals may be more or less than originally invested.

- 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.

Any amount borrowed in excess of the Fixed Account is secured by the Index Accounts, similar to an Index Loan (see below); however as Indexed Account Segments mature, those proceeds will be transferred to the Loan Account until the loan is fully-capitalized as a Standard Loan.

**Index Loan**

Index loans are available after the third Policy Year. Unlike a Standard Loan, when policy owners 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.
- 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.

Any amount borrowed in excess of the balance in the two Indexed Accounts is secured by the Fixed Account, similar to a Standard Loan (see above).

**Standard Loan Spread**

The loan spread is the difference between the loan rate charged and the interest rate credited to the policy’s loan account. This is the net cost of borrowing against the Policy Value.

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

**Tax Considerations**

Based on current tax laws, loans are not taxed as long as the policy is not a Modified Endowment Contract (MEC) and the policy stays in-force.

**Please Note:** Index Loans can have the effect of amplifying – both positively and negatively – the impact that Index Appreciation Account performance has on the policy. **Therefore, Index Loans carry significantly more risk to the policy owner than Standard Loans.**

**Withdrawal of Policy Value**

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The death benefit will decrease by the amount of the withdrawal or by a greater amount than the withdrawal if the policy is in corridor. If the withdrawal occurs during the policy Surrender Charge period, a proportionate amount of the Surrender Charge will be applied to the face amount decrease amount.

**Availability**                      Withdrawals are allowed once per policy month after the first policy year.

**Minimum Withdrawal**        \$500

**Maximum Withdrawal**        The remaining Net Cash Surrender Value after a withdrawal must be at least equal to 3 times the Monthly Deductions at the time of the withdrawal.

**Withdrawals – Indexed Account Considerations**

- Withdrawals and any related Surrender Charge amounts are first deducted from the Fixed Account and then from Segments in the Indexed Accounts on a proportionate basis.
- A withdrawal from the Indexed Accounts which was not pre-scheduled using the Systematic Withdrawal program (see below) will initiate a 1-year Lock Out Period.

**Systematic Withdrawals**

- During a Lock Out Period, no new Segments in any Indexed Account (except for those resulting from a maturing Segment) may be created.
- A Systematic Withdrawal is a series of (more than one) periodic withdrawals prescheduled with a start date, and (generally) an end date.
- If the policy owner cancels a scheduled Systematic Withdrawal after the schedule has begun, then any remaining withdrawals scheduled will also be cancelled. This also precludes the client from setting up a new Systematic Withdrawal schedule for 1 year.

## Glossary of Terms

**Adjusted Segment Crediting Balance** means, on the Segment Maturity Date, the Initial Segment Balance less amounts deducted during the Segment Term for all Monthly Deductions, withdrawals, and any other deductions. For purposes of this calculation, each deduction is first multiplied by the ratio of the number of months remaining in the Segment Term after the date of the deduction divided by the number of months in the entire Segment Term.

**Age** means, on any Policy Anniversary, the age of the person in question at his or her birthday nearest that date.

**Annual Processing Date** means every 12th Processing Date starting with the Processing Date next after the Policy Date.

**Business Day** means any day that John Hancock is open for business and the New York Stock Exchange is open for trading. John Hancock deems each Business Day to end at the close of regularly scheduled trading of the New York Stock Exchange (currently 4:00 p.m. Eastern Time) on that day.

**Cash Surrender Value** means the Policy Value less the Surrender Charge.

**Closing Value** means a value of the Index at the end of a Business Day. If the date prior to a Segment Initiation Date or a Segment Maturity Date is not a Business Day, the Closing Value will be the value of the Index on the close of the previous Business Day.

**Guaranteed Interest Account** means that part of the Policy Value, not in the Index Appreciation Account or the Loan Account, that receives a declared rate of interest.

**Index** means the external index for each Indexed Account as shown in the policy.

**Indexed Account** means one of the accounts included within the Index Appreciation Account. Each Indexed Account is composed of one or more Segments plus amounts allocated to the Indexed Account not yet designated to a Segment. New Segments are created on a Segment Initiation Date, and mature at the end of the Segment Term, on the Segment Maturity Date. Indexed Accounts are shown in the policy.

**Index Appreciation Account** means the portion of the Policy Value consisting of the sum of values in the Indexed Accounts.

**Index Change** means the percentage change in the value of the Index over the Segment Term. It is equal to (b) minus (a), the result divided by (a), expressed as a percentage, where:

- a) is the Closing Value of the Index on the Business Day prior to the Segment Initiation Date; and
- b) is the Closing Value of the Index on a Segment Maturity Date.

**Index Loan Principal** means the lien against the Index Appreciation Account due to a policy loan.

**Index Segment Interest Credit** means any interest that will be credited to the Segment Balance on the Segment Maturity Date.

**Initial Segment Balance** means the Segment Balance on a Segment Initiation Date.

**In Force** means that the policy has not terminated or been surrendered.

**Issue Date** means the date the policy is put in force.

**Loan Account** means that part of the Policy Value that reflects amounts transferred from the Guaranteed Interest Account or the Index Appreciation Account as collateral for a policy loan.

**Lock In Date** means the date before which any new premium and written requests for allocation or transfer to the Index Appreciation Account must be received by John Hancock in order to be included in the determination of an Initial Segment Balance for a new Segment. The Lock In Date is shown in the policy.

**Lock Out Period** means a period during which a restriction is imposed upon the creation of new Segments. The Lock Out Period commences on the date of a withdrawal, that is not a Systematic Withdrawal, from a Segment of any Indexed Account prior to the Segment Maturity Date. The duration of the Lock Out Period is as shown in the policy.

**Minimum Initial Premium** means the minimum premium needed to put the policy in force when the Issue Date is on or before the Policy Date as shown in the policy.

**Net Amount at Risk** is an amount used for the purpose of calculating the Cost of Insurance charges.

**Net Cash Surrender Value** means the Cash Surrender Value less the Policy Debt.

**Net Policy Value** means the Policy Value less the Policy Debt.

**Net Premium** means the gross premium paid less any Premium Charge.

**Partial Surrender Charge Decrease Exemption** means the percentage of the Base Face Amount at Issue as shown in the policy in the Table of Values. This percentage is set at issue of the policy. This exemption applies to cumulative decreases in the Base Face Amount of insurance. Once cumulative decreases exceed this exemption, applicable Surrender Charges will apply. The exemption is not applicable to and has no effect on a full surrender of the policy or Net Cash Surrender Value withdrawals.

**Participation Rate** means the percentage of the Index Change that is used to calculate the Index Segment Interest Credit, if any, for each Segment of an Indexed Account. The guaranteed Participation Percentage is shown for each Indexed Account in the policy.

**Planned Premium** means the premium that is stated in the application for the policy which is intended to be paid on a regular modal basis.

**Policy Date** means the date from which charges for the first Monthly Deductions are calculated. The Policy Date is shown in the policy. Policy Years, Policy Months and Policy Anniversaries are determined from the Policy Date.

**Policy Debt** means as of any date (a) plus (b) plus (c), minus (d), where:

- (a) is the total amount of loans borrowed as of such date;
- (b) is the total amount of any unpaid loan interest charges borrowed against the policy on a Policy Anniversary;
- (c) is any interest charges accrued from the last Policy Anniversary to the current date; and
- (d) is the total amount of loan repayments as of such date.

**Policy Value** means the sum of the values in the Loan Account, the Index Appreciation Account, and the Guaranteed Interest Account.

**Policy Year** means (a) or (b) below, whichever is applicable.

- (a) The first Policy Year is the period beginning on the Policy Date and ending on the day immediately preceding the first Annual Processing Date.
- (b) Each subsequent Policy Year is the period beginning on an Annual Processing Date and ending on the day immediately preceding the next Annual Processing Date.

**Processing Date** means the first day of a Policy Month. A Policy Month shall begin on the day in each calendar month that corresponds to the day of the calendar month on which the Policy Date occurred. If the Policy Date is the 29th, 30th, or 31st day of a calendar month, then for any calendar month that has fewer days, the first day of the Policy Month will be the last day of such calendar month. If the Processing Date falls on a day other than a Business Day, the Processing Date for that Policy Month will be the next Business Day. The Policy Date is not a Processing Date.

**Segment** means a portion of an Indexed Account in the Index Appreciation Account with a unique Segment Term.

**Segment Balance** means the portion of Policy Value attributed to a particular Segment of an Indexed Account in the Index Appreciation Account on a given date.

**Segment Cap Rate** means the maximum rate used in calculating any Index Segment Interest Credit for an applicable Indexed Account. John Hancock will set the Segment Cap Rate for a new Segment no later than three Business Days before the Segment Initiation Date. Once set, the Segment Cap Rate for a Segment will not change during the Segment Term. The Segment Cap Rate will never be less than the Segment Minimum Cap Rate shown in the policy.

**Segment Floor Rate** means the minimum rate used in calculating any Index Segment Interest Credit. The Segment Floor Rate for each Indexed Account is shown in the policy.

**Segment Growth Rate** means the rate of interest applied in the formula shown in the policy, to calculate the applicable Index Segment Interest Credit.

**Segment Initiation Date** means the first day of a Segment Term. The Segment Initiation Date for each Indexed Account is shown in the policy.

**Segment Maturity Date** means the last day of a Segment Term. The Segment Proceeds are computed on the Segment Maturity Date.

**Segment Proceeds** means, for each Segment, the Segment Balance at the end of the day on the Segment Maturity Date plus any Index Segment Interest Credit.

**Segment Term** means the period of time a Segment exists from the Segment Initiation Date to the Segment Maturity Date. The Segment Term for each Indexed Account is shown in the policy.

**Segment Threshold Rate** means a rate used in calculating any Index Segment Interest Credit for an applicable Indexed Account. Once set, the Segment Threshold Rate will not change during the Segment Term for the Segment to which it applies. The Segment Threshold Rate will never be more than the Segment Maximum Threshold Rate shown in the policy.

**Surrender Charge Period** means the period beginning on the Policy Date during which John Hancock will assess Surrender Charges under the following conditions:

- (a) the policy owner surrenders the policy;
- (b) the policy owner requests a decrease in the Base Face Amount which exceeds the Partial Surrender Charge Decrease Exemption;
- (c) the policy owner makes a withdrawal that reduces the Base Face Amount; or
- (d) the policy terminates due to default.

**Surrender Date** means the end of the Business Day on which John Hancock receives it at Our Service Office the policy owner's written request for full surrender of the policy.

**Systematic Withdrawal** means a withdrawal or a series of (more than one) periodic withdrawals prescheduled with a defined start date, and either a defined end date or continuation until Written Request is given to terminate the schedule. If a scheduled Systematic Withdrawal is cancelled after the schedule has begun, then any remaining withdrawals scheduled will also be cancelled.

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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.

Paying a premium amount that differs from an originally illustrated amount could reduce the duration of the policy's Death Benefit Guarantee or impact other features of the policy.

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

The Participation Rate is the percentage of the Index Change (change in the value of the Index over the Segment Term) that will be recognized in the calculation of the Index Segment Interest Credit.

Vitality is the provider of the John Hancock Vitality Program in connection with the life insurance policy and Healthy Engagement Rider.

Premium savings will apply based on the Status attained by the life insured.

John Hancock Vitality Program rewards and discounts are only available to the person insured under the eligible life insurance policy.

Rewards may vary based on the ownership and inforce status of the insurance policy, and the state where the insurance policy was issued.

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

Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02117 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

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