Supplementing income with life insurance

Going the distance — getting you where you want to go

While death benefit protection is the main purpose of life insurance, a permanent life insurance policy also offers cash accumulation, giving you a source of funds you can access during your lifetime for a variety of uses, such as:

- **Supplementing retirement income**
- **Funding a business startup**
- **Providing additional cash flow for business owners**
- **Offering alternative and tax-efficient savings** to either fund or supplement significant future financial goals, such as paying a child's college costs, renovating your home, etc.

Not only can your policy's cash value be accessed to provide future financial solutions, but permanent life insurance offers tax advantages that can include:

- Tax-deferred growth
- Tax-free distributions[1]
- Tax-free death benefit

How does it work?

A portion of your premium payments on a permanent life insurance policy can go towards building potential cash value that accumulates tax deferred.

Use funds for a variety of needs

Your policy's cash value can be used to:

Cover your premium payments

Meet a financial emergency

Supplement funding for other needs, such as retirement income

(*Note:* the policy's death benefit is reduced by the amount of the withdrawal).

2022-2702 exp 8/31/2024

Client Guide

What are the choices?

Of course, there are several cash-accumulation options you may want to consider in addition to permanent life insurance. The following chart summarizes how life insurance compares with these other saving methods.

	Permanent life insurance	Taxable investments (e.g., mutual funds, stocks, etc.)	Qualified plan/ traditional IRA	Roth IRA	Municipal bonds
Tax-favored withdrawals	Yes	No	No	Yes	Yes
Tax-deferred accumulation	Yes	No	Yes	Yes	Yes
Tax-free death benefit	Yes[2]	No	No	No	No
Unrestricted access and no penalties	No[3]	Yes	No	No	Yes
Contribution limits	No[4]	No	Yes	Yes	No
Cost of insurance charges	Yes	No[5]	No	No	No

Act today!

As you can see, permanent life insurance can play a key role in your asset portfolio because of its tax advantages, flexibility and — most importantly — the financial protection it gives your loved ones when they need it most. Talk to your financial professional today about how you can leverage permanent life insurance to help you "go the distance" and achieve your long-term financial goals.

1. Loans and withdrawals will reduce the death benefit and the 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. Withdrawals in excess of the cost basis (premiums paid) will be subject to tax and certain withdrawals within the first 15 years may be subject to recapture tax. Additionally, 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. Withdrawals are generally available after the first policy year.

2. 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.

3. Withdrawal of policy values in excess of the owner's investment in the contract can cause recognition of gain (to the extent of gain) for income tax purposes. Furthermore, while an owner generally may borrow against a life insurance policy without immediate income tax consequences, a lapse or surrender of a policy against which loans are outstanding may also cause the owner to recognize policy value in excess of basis (for income tax purposes).

4. For every life insurance policy, there is a minimum premium at any given time, the payment of which is necessary to keep the policy in force. Premiums may be paid in excess of this amount, which may have the effect of reducing future necessary minimum payments. However, excessive advance funding of a life insurance policy can result in the policy being treated as a modified endowment contract, which would be subject to significantly different tax treatment than other life insurance policies.

5. If the underlying investment is a deferred annuity, cost of insurance charges and/or withdrawal penalty may apply.

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

MLINY090920073

2022-2702 exp 8/31/2024