



Live for today

# Prepare for tomorrow



THE PURPOSE OF THIS COMMUNICATION IS THE SOLICITATION OF INSURANCE.  
CONTACT MAY BE MADE BY AN INSURANCE PRODUCER OR INSURANCE COMPANY  
JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

ICC20 LIFE-4226 11/20 Consumer

# Now's the time to consider long-term care insurance

While it is nice to imagine living independently for the rest of your years, the time may come when you need help with everyday self-care activities such as getting up and dressed, eating, using the washroom, or bathing.

**While many are surprised to learn that Medicare typically does not cover this type of care, you may have some ideas on how you would manage handling it, such as:**



**Using your income and savings** — The high costs of long-term care services could require you to reallocate income, liquidate assets and can impact your savings and may disrupt your existing retirement spending plans.



**Relying on family members** — because of other obligations and the specialized services needed, many family members are not equipped to provide this physically and emotionally demanding care. The stress may even impact their overall health — and ultimately, they may be forced to cut down work hours or retire earlier, impacting their own long-term financial goals.

**Long-term care (LTC) insurance can offer you an appealing solution.**





# LTC insurance can help address your concerns

When making plans to help ensure your future financial security, it is important to ask some tough questions about the challenges that life can present — such as the potential need for long-term care services.



Who would provide your long-term care if you should need it?



How would those closest to you be affected if you ever need such care?



What impact would paying for care have on your retirement portfolio? Or your surviving spouse's income?



Would you have expenses you could eliminate or would you need to liquidate assets to help pay for LTC?



What are the tax implications of doing so?

**Long-term care insurance gives you the resources to help protect you from having to pay for care — and your family from having to provide it.**

Created specifically to help pay for the types of care that people need as they age, LTC insurance can help you:

- **Afford** specialized services from qualified long-term care providers
- **Protect** your income and assets from the financial consequences of paying for such care out of pocket
- **Shield** your loved ones from the physical and emotional toll of providing care that they may not have the skills or resources to do
- **Ensure** that those taking care of you have the training needed to keep you comfortable and safe

# What insurance choice is best for you?

## Long-term care coverage can take two forms:

- A standalone policy, which only pays a benefit if long-term care is needed, or
- A “combination” policy, where long-term care coverage is paired with other types of protection a family needs, such as life insurance.

## Making the best choice for your needs involves balancing various factors:



### Determine your protection needs

- A standalone long-term care insurance policy pays benefits only if you have a qualified long-term care need; if you never do, your policy will not pay a benefit.
- With a long-term care rider, you are purchasing all of the advantages that a life insurance policy can offer, i.e., you're able to borrow or withdraw from your policy's cash value to supplement retirement income,<sup>1</sup> while being able to access your death benefit to pay for LTC if needed. Any of the death benefit not used for long-term care will be passed on to your loved ones. And if you never need long-term care, they'll receive the entire amount.



### Consider the cost of coverage

- While the current cost of standalone long-term care insurance is generally less than a life insurance policy with a long-term care rider, rates can rise and there are fewer standalone products available. Also, with a standalone policy, you are addressing just one need.
- With a combination policy, you can address both life and LTC insurance needs with one cost-efficient policy that often costs less than buying separate permanent and LTC insurance policies. In some instances, a long-term care rider offers a guaranteed rate<sup>2</sup> — making planning easier.



### Check how benefits are paid

Keep in mind that LTC coverage is meant to cover long-term care expenses. But plans vary in how they address this:

- Some plans offer a **reimbursement benefit model**, which pays only for the qualified long-term care costs you incur, up to a monthly maximum you choose.
- Other plans use an **indemnity benefit model**, where you receive a set amount each month regardless of, your actual care costs, this payment is often based on maximums regulated by the government.

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<sup>1/2</sup>. Cash value available for loans and withdrawals may be more or less than originally invested. Withdrawals are available after the first policy year.

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

# How can John Hancock help you?

A John Hancock life insurance policy with our Long-Term-Care rider<sup>3</sup> can offer you comprehensive coverage and convenience including:

- **Financial protection** for you and your family
- **Income-tax free** access to a portion of the death benefit on a monthly basis to help pay long-term care expenses<sup>4</sup>
- **The option to have John Hancock pay care providers directly**, so you can avoid the need to manage receipts\*
- **The advantage of affording specialized care** from licensed professionals who have the specific training needed to ensure your safety
- **Access to expert guidance** from day one in considering and navigating your options
- **The security of knowing** you'll have resources to help protect your family from the financial, physical and emotional challenges of handling your long-term care needs on their own
- **The possibility** of a larger legacy for your loved ones through your policy's tax-free death benefit<sup>5</sup>

In short, John Hancock offers a long-term care insurance solution that **builds on the expertise our company has gained** through more than 30 years in this market.

\*The insured is financially responsible to their care providers, including charges not covered by the LTC rider.

3. The Long-Term Care (LTC) rider is an accelerated death benefit 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. The policy account value is also reduced proportionately. The rider is subject to underwriting and a medical exam may be required to determine eligibility. There are additional costs associated with this rider. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Please contact the licensed insurance producer or John Hancock for more information, cost, and complete details on coverage. John Hancock's Long-Term Care rider is not a Partnership Qualified product. For more information on Partnership Qualified products, please contact your state department of insurance.

4. The benefits provided by this rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable.

5. Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are few exceptions such as when a life insurance policy has been transferred for valuable consideration. 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 professional tax advisor for details.



## 3 steps to tailoring your coverage

- 1** You apply for a John Hancock life insurance policy with a Long-Term Care rider
- 2** You elect coverage based on your needs
  - Life insurance death benefit
  - The percentage of the death benefit that you want available for your long-term care coverage
  - Your maximum monthly long-term care benefit
- 3** You are issued a personalized life insurance policy with a Long-Term Care rider

# What happens if you have a long-term care need?

At John Hancock, we understand long-term care. When you purchase a policy from us with a Long-Term Care rider, you and your family can count on us to support you every step of the way.



## If you need care, contact us

- We have registered nurses and social workers on staff, who are ready to guide you and your family members.
- We can also refer you to Provider Pathway,<sup>6</sup> which can provide consultation, identify resources and even negotiate discounts on your behalf. (In fact, you can take advantage of this service on behalf of anyone in your immediate family — even if they are not a John Hancock customer.)



## When you are eligible for LTC benefits

- The rider allows you to “accelerate” (or draw on) your policy’s death benefit to help pay for your long-term care expenses. Each month, you can use this money to help pay for whatever services you need, including:
  - In-home care
  - Adult day care
  - Care received in an assisted living facility or nursing home
- Any portion of the life insurance benefit not used to pay for long-term care can be passed on to your loved ones.



## What the policy offers

- You get exactly what you need to cover the qualified long-term care expenses you incur each month, up to your monthly maximum benefit amount. If you need less, you can potentially stretch the benefit over a longer period of time.
- You can hire professionals to provide your care, helping alleviate the emotional, physical and financial toll that caregiving can place on your loved ones, and helping to ensure your comfort and safety.
- By assigning benefits, you can leave the reimbursement of your LTC expenses to us and your care provider — meaning you don’t have to submit receipts.

6. Provider Pathway is the current service provider for John Hancock. The program may be changed or discontinued at any time. Provider Pathway is not affiliated with John Hancock Life Insurance (U.S.A.) and its subsidiaries.



# Can you provide more policy details?

The following are additional details about the Long-Term Care rider offered with John Hancock's life insurance. Please discuss these with your agent.

<b>Long-Term Care rider</b>	<b>Details and parameters</b>
<b>Issue ages</b>	You must be between the ages of 20 and 75 if you are applying for this rider.
<b>Rider cost</b>	The rate you pay for the rider is set at issue and guaranteed not to change over the life of the policy.
<b>One-time elimination period</b>	Before you can receive LTC benefits, a 90-day elimination period needs to be satisfied. It begins on the day you are determined to be chronically ill and ends after 90 days pass. You are not required to receive long-term care services during the elimination period. After the elimination period has been satisfied, your long-term care benefits begin. The elimination period needs to be met only once.
<b>Long-term care benefit amount</b>	You can purchase up to \$50,000 in coverage each month based on your specific long-term care needs. Because we reimburse actual long-term care expenses, your benefits will be income tax free. Additionally, you get exactly what you need to cover your care up to the maximum amount purchased, and you can stretch the benefit over a longer period of time (if needed).
<b>Eligibility for benefits</b>	You will be eligible for benefits if you are unable to perform two of the following six "activities of daily living (ADLs)" without substantial assistance or are found to have a severe cognitive impairment that threatens your health or safety. The ADLs are bathing, dressing, eating, continence, toileting and transferring.
<b>Care services and settings</b>	You will be covered for skilled, intermediate and custodial care provided by licensed and certified care providers in any of the following settings: your home, adult day care, hospice facility, assisted living facility and nursing home.

---

<b>Stay-at-home services</b>	<p>You can accelerate up to one maximum monthly benefit amount to pay for services that can help you stay at home longer and more safely. These can include:</p> <ul style="list-style-type: none"> <li>• Modifications to your home</li> <li>• Emergency medical response systems</li> <li>• Durable medical equipment</li> <li>• Caregiver training</li> </ul> <p>These can be paid in excess of your maximum monthly benefit amount. For example, the cost for adding a ramp to your home can be reimbursed above and beyond the maximum monthly benefit amount for home health care, if needed.</p>
<b>Bed-hold benefit<sup>7</sup></b>	<p>If you require hospital care while you're in a nursing home or assisted living facility, our bed-hold benefit can pay to reserve your bed for up to 21 days per calendar year.</p>
<b>Extension of benefits</b>	<p>If your policy lapses while you're receiving care in a nursing home, we will continue to pay claims until either you are discharged or the entire accelerated benefit amount has been used for long-term care expenses. Once the extension of benefits feature is initiated, your policy's death benefit is no longer payable.</p>
<b>Care advisory benefits</b>	<p>Provider Pathway is an optional long-term care resource, referral and consultation service. This service gives you access to discounted rates from numerous providers nationwide for you — and your immediate family members — even if they do not own a policy.</p>

---

7. Maximum bed-hold payment not to exceed the selected monthly benefit.

# Commonly asked questions

For your reference, here are answers to some typical questions we have been asked about John Hancock's Long-Term Care rider.

---

**I have strong family support — why should I consider buying long-term care protection?**

Family members sometimes assume the responsibilities of providing or paying for care, which over time can have a significant impact on their lifestyle and well-being. Having a plan in place for long-term care can not only help protect your financial security, but can also help protect those you care about the most.

---

**What advantages does a long-term care rider with life insurance offer over a standalone long-term care policy?**

A standalone LTC insurance policy is designed to cover long-term care costs, whether a need for care arises or not — meaning you may pay premiums for a benefit that you never use. If you purchase a life insurance policy with the optional long-term care rider, you can accelerate your death benefit to help pay long-term care expenses. Any portion of the life insurance benefit not used to pay for long-term care can be passed on to your loved ones. (For those who do not need life insurance, standalone long-term care insurance can be an appropriate solution.)

---

**How do I qualify for benefits with John Hancock's Long-Term Care rider?**

You can become eligible for LTC benefits if you are unable to perform two of six activities of daily living (ADLs) without substantial assistance or are found to have a severe cognitive impairment that threatens your health or safety. The six ADLs are bathing, dressing, eating, continence, toileting and transferring

---

**How long do I have to wait before benefits are paid?**

Our Long-Term Care rider has a 90-day elimination period. This period needs to be satisfied only once and it begins on the day you are determined to be chronically ill. You are not required to receive long-term care services during the elimination period. After the elimination period has been satisfied, your long-term care benefits begin.

---

**Will I be taxed on the benefit?**

John Hancock's Long-Term Care rider is intended to be a Qualified Long-Term Care Insurance contract under Internal Revenue Code Section 7702 (B)(b) and as such, your benefits are excluded from income taxes. Our reimbursement rider means your benefits will be received, including stay-at-home services, income tax free — even if they are higher than the limit imposed by the IRS each year.

---

---

**How much LTC benefit can I purchase?**

You select how much of your potential life insurance benefit you want to make available for long-term care expenses. This amount is called your **“accelerated benefit pool”** and it can be anywhere from 1% to 100% of the life insurance coverage (i.e., the death benefit) that you choose when you get your policy.

You also choose the **“maximum monthly benefit.”** This is the amount that will be available each month to cover your long-term care costs. Your monthly acceleration percentage (MAP) can be 1%, 2% or 4% of the accelerated benefit pool you choose, up to a maximum of \$50,000 monthly benefit.

<b>MAP selected</b>	<b>Maximum accelerated benefit pool at issue</b>
1%	\$5,000,000
2%	\$2,500,000
4%	\$1,250,000

---

**What types of services does John Hancock’s Long-Term Care rider cover?**

Long-term care benefits are payable in the following settings: home, adult day care, hospice facility, assisted living facility and nursing home.

---

**Why should I choose John Hancock?**

For almost three decades, John Hancock has remained dedicated to supporting our customers when they need long-term care. We have seen the difference long-term care coverage can make in the lives of our customers. In fact, few carriers can offer our level of expertise in this area.

- We have paid more than \$13 billion in long-term care benefits<sup>8</sup>
- We currently pay more than \$4.2 million in long-term care benefits per day<sup>8</sup>

---

8. Based on internal data from 1987 to December 31, 2019. LTC claims data is inclusive of LTC rider individual LTC policies; totals include individual, group and the Federal programs.

# 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>9</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 155 years of experience, John Hancock offers clients a diverse range of insurance products and services through its extensive network of employees, agents and distribution partners.

9. A.M. Best, A+ (2nd highest of 13 ratings) Superior ability to meet ongoing insurance obligations. Financial strength ratings, which are current as of December 2019 and are subject to change, apply to John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York as a measure of each company's financial ability to pay claims and to honor any guarantees provided by the contract and any applicable optional riders. The ratings are not an assessment or recommendation of specific products, policy provisions, premium rates, performance of the products, the value of any investment in these products upon withdrawal, individual securities held in any portfolio, or to the practices of the insurance company. Financial strength ratings do not apply to the safety and performance of separate accounts.

INSURANCE PRODUCTS:		
Not FDIC Insured	Not Bank Guaranteed	May Lose Value
Not a Deposit	Not Insured by Any Federal Government Agency	





For more information and a personalized product illustration,  
**please contact your financial professional.**

Insurance policies and/or associated riders and features may not be available in all states.  
This long-term care guide must accompany a base policy consumer guide.  
Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116.  
John Hancock rider form: ICC18 18LTCR  
ML111120537-1

