John Hancock
LIFE INSURANCE

INDEXED UL

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John Hancock's Indexed Universal Life Portfolio
Frequently Asked Questions

What is Indexed UL?

Indexed UL is a unique type of life insurance policy that offers the consumer both opportunity and safety. The opportunity is generated by Indexed Account options that credit interest based on the performance of a benchmark financial index; specifically the S&P 500®[1]. The safety comes from a Fixed Account that provides steady growth – and from Indexed Account options that guarantee against market losses.

Indexed policies vary in cost, complexity and focus. John Hancock's Indexed UL portfolio is designed with meaningful premium allocation options that help customers manage risk and generate growth in a way that is tailored to their objectives.

What makes up the Indexed UL portfolio?

Whether your clients are focused on accumulating cash values for supplemental retirement income or are more concerned with low-cost death benefit protection, John Hancock now offers an IUL product to meet their needs.

- **Protection IUL** – Industry leader in low-cost IUL premiums
- **Accumulation IUL** – Industry leader in cash value accumulation and retirement income potential
- **Protection SIUL** – Industry leader in low-cost survivorship IUL.

Where does the Indexed UL portfolio fit within John Hancock's product line-up?

On the risk-reward spectrum, Protection IUL fits between Protection UL (conservative) and Protection VUL (more aggressive) while Accumulation IUL fits between Accumulation UL (conservative) and Accumulation VUL (more agressive). The Indexed Crediting method on both of these products provides greater cash value growth potential than a current assumption UL policy, and the 0% floor makes them less volatile product than variable universal life.

As clients' needs and risk tolerance change over time, they have the ability to reallocate their policy value among three Indexed Account options and the Fixed Account option.

What are John Hancock's Indexed UL Portfolio Allocation Options*?

All of the products within John Hancock's Indexed UL portfolio offer four competitive allocation options ranging from conservative to aggressive:

- **Fixed Account** – Provides safe and steady growth, earning a current 4.8% interest rate.
- **High Par Indexed Account** – Interest credits are based on the performance of the S&P 500 Index, up to a current Cap Rate of 11% and 160% participation rate (140% guaranteed). If the S&P 500 Index change is negative, interest credits will be floored at 0%.
- **Capped Indexed Account** – Interest is credited between 0–13% based on the performance of the S&P 500; guaranteed floor will never be less than 0%.
- **Uncapped Indexed Account** – As the name implies, this option has no cap on its rate of interest credited. Interest is credited based up to the full performance of the S&P 500, less 5%; guaranteed floor will never be less than 0%.

Clients can blend their premium allocations between all four options, for a balance of safety and opportunity. They can also change their allocations as their risk tolerance changes. The 0% guaranteed floor on each Indexed Account eliminates market-based losses.

For the Capped and Uncapped Indexed Account the Participation Rate is 100% [guaranteed] and for the High Par Indexed Account the Participation Rate is 160% [140% guaranteed]. The High Par Indexed Account current cap rate is 11% (10% in NY) [2.5% guaranteed in all jurisdictions], the current Capped Indexed Account rate is 13% (12% in NY) [3% guaranteed in all jurisdictions], the current Threshold rate is 5.0% (5.5% in NY) [20% guaranteed in all jurisdictions] and the current Fixed Account rate is 4.8% (4.55 in NY). Rates are current and accurate as of September 2013.

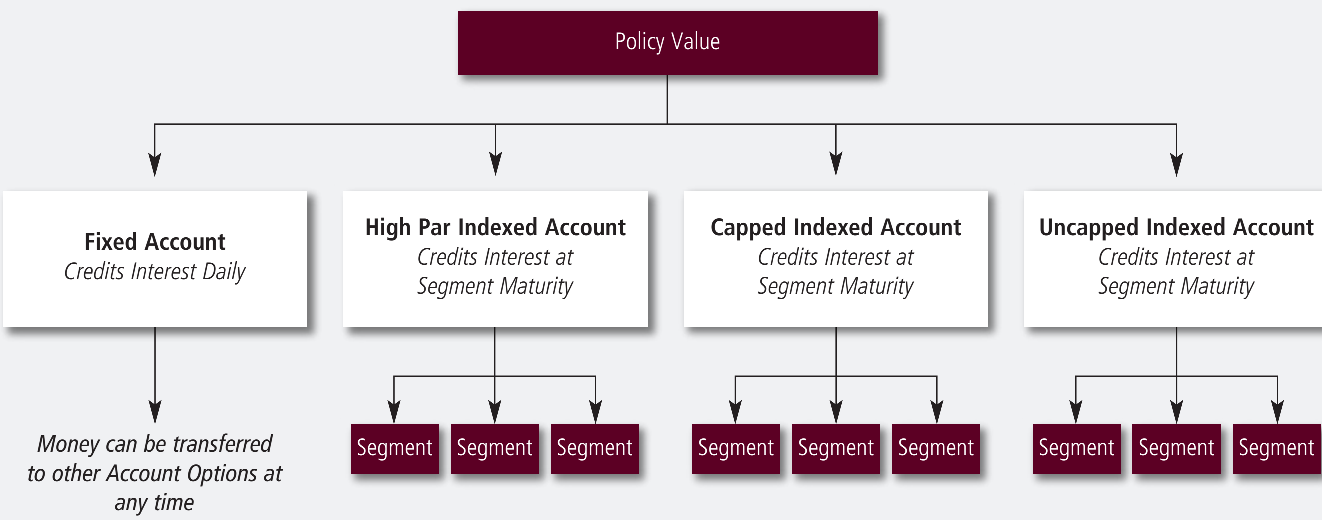
What is the S&P 500?

Standard and Poor's 500 Index (S&P 500) is a capitalization-weighted index of 500 stocks. The S&P 500 is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The S&P 500 was first published in 1957.

What is a Segment?

Each Indexed Account is composed of Segments. Segments are created as often as monthly, on the 15th day of the month, whenever money is allocated to an Indexed Account. Segments mature after one year.

- Segments are created when additional premium is received and allocated by the policy owner to an Indexed Account.
- Premiums must be received no later than three business days prior to the 15th of the month. This is known as the Lock In Date.
- Requested transfers from the Fixed Account and the proceeds from maturing Segments will also create new Segments.
- Once a Segment is formed, no additional funds may be added.
- Monthly charges are deducted from all Segments and the Fixed Account on a pro-rata basis.
- Withdrawals may also be deducted from a Segment (though withdrawals are first deducted from any balance in the Fixed Account).



How is Interest Determined?

Fixed Account — Balances allocated to the Fixed Account earn interest daily at the current declared interest rate. The current rate may increase or decrease, but at no point will the rate of interest credited to the Fixed Account be lower than the guaranteed interest rate.

Indexed Accounts — On the Segment Maturity Date, an Index Segment Interest Credit (Index Credit) is calculated, taking into account any change in value of the S&P 500 over the (1-year) Segment Term.

- All the Indexed Account options are floored at 0%; which protects the policy from any negative Index performance.
- The calculation of Interest Credits takes into account deductions for policy charges and any withdrawals taken from the Segment. It gives partial credit for these balances based on the length of time before the deduction or withdrawal was taken.
  - **High Par Account** — Interest Credits in the Capped Account are determined using the rate of change in the S&P 500 over the Segment Term, and credits that rate up to the current Segment Cap Rate (11%) with a 160% participation rate.

– **Capped Account** — Interest Credits in the Capped Account are determined using the rate of change in the S&P 500 over the Segment Term, and credits that rate up to the current Segment Cap Rate (13%).

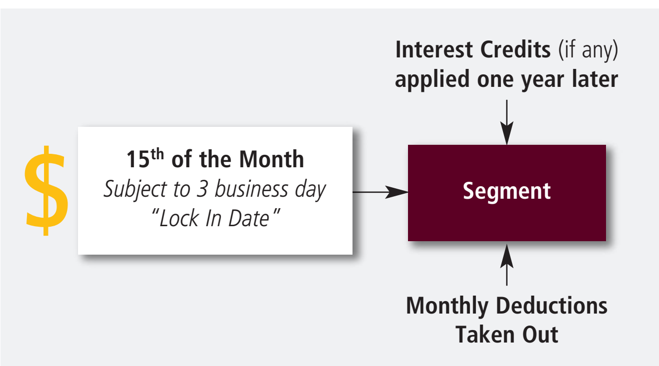
– **Uncapped Account** — Interest Credits in the Uncapped Account are determined using the rate of change in the S&P 500 over the Segment Term, and credits the full rate of that change, less the current Segment Threshold Rate (5%).

When is Interest Applied?

Fixed Account – Interest is applied to the Fixed Account monthly.

Indexed Accounts – Interest Credits are applied to Indexed Account Segments at the end of each Segment's Term, on the Segment Maturity Date.

- Interest Credits are added to the Segment Proceeds.
- The policy owner may then reallocate those proceeds to a different Indexed Account, the Fixed Account, or rollover the Segment Proceeds to a new Segment in the same Indexed Account.



How Can Clients Access Their Policy Value?

Policy owners can access the value in their policy one of three ways: a Standard Loan, an Index Loan or a withdrawal. Loans and withdrawals[2] will reduce the policy death benefit and net cash surrender value, and could potentially cause the policy to lapse.

Loans[3] – A loan may be taken anytime there is sufficient value in the policy. There are two loan options offered: a Standard Loan and an Index Loan.

- **Standard Loans** are secured like a loan on any other type of UL policy. An amount equal to the funds borrowed is transferred from the Fixed Account to a Loan Account, where it earns interest and collateralizes the loan.
  – Standard loan amounts in excess of the available Fixed Account balance are secured similarly to an Index Loan.
- **Index Loans** are secured differently than a traditional UL policy loan, in that the amount collateralizing the loan remains in the Indexed Accounts where it may (or may not) earn interest. For this reason, Index Loans are considered to be more risky to the policy value.
  – Index Loans are available after the third policy year.
  – Index Loan amounts exceeding the Indexed Account balances are secured similarly to a Standard Loan.

A variable loan interest rate is charged for either type of loan. Currently the variable loan rates charged for each loan type are the same, but the company reserves the right to charge different variable rates in the future.

Withdrawals – Like most UL policies, a withdrawal of policy value is available after the first policy anniversary.

– A withdrawal will reduce the policy face amount and a pro-rata Surrender Charge will be deducted if the withdrawal is taken during the Surrender Charge period.

– A withdrawal taken from an Indexed Account (outside of the Systematic Withdrawal program) will cause a Lock Out Period.

What is a Systematic Withdrawal?

Other than for the deduction of regular monthly policy charges, funds held in Segments of an Indexed Account are intended to remain in that Segment for the duration of its one-year Segment Term. Withdrawing and re-depositing funds out of, and back into the account, will trigger a one-year Lock Out Period — unless the withdrawal is part of a Systematic Withdrawal.

- A Systematic Withdrawal allows clients to pre-schedule a series of withdrawals using the Systematic Withdrawal program. When using Systematic Withdrawals, a Lock Out Period is avoided regardless of whether funds are withdrawn from the Fixed Account or the Indexed Accounts.
- Withdrawals qualify as Systematic Withdrawals if the policy owner gives 30 days notice and at least two withdrawals of equal amounts are requested.
- If the policy owner schedules Systematic Withdrawals and cancels that schedule prior to its end, they will not be able to create a new series of Systematic Withdrawals for one year.
- During a Lock Out Period, no new Segments are created in either Indexed Account for a period of 12 months.

– The policy owner can continue allocating new premium to either Indexed Account; however those funds will earn interest at the current Fixed Account rate until the first Segment Initiation Date after that Lock Out Period ends.

– To avoid a Lock Out Period, the policy owner can first submit instructions to reallocate their maturing Indexed Account segments to the Fixed Account and then wait until those funds move to the Fixed Account before taking the withdrawal.

Does John Hancock offer other Crediting Options or Segment Durations?

Some carriers offer a selection of different indexed account options, each linked to a different outside index. For example, some use the Dow Jones Industrial Average; others the Hang Seng; and some offer a "Rainbow" option, which combines several indexes and wraps them into one. Some carriers also offer index options with Segment Terms spanning more than one year; in some cases up to five years.

- Wherever possible, John Hancock looked for ways to simplify the product while maximizing performance. We believe that the simplicity of one index far outweighs any advantage gained from offering a selection of different indexes.
- John Hancock links each of the Indexed Account options to the most popular index currently in use, the S&P 500.
- Indexed terms that last longer than one year can restrict access to the Policy Value and undermine one of the fundamental values of John Hancock's Indexed UL products — locking in gains of the benchmark index.

How Were the Maximum Illustrated Rates Determined?

The maximum allowable illustrated Segment Growth Rates are based on a calculation of the average Segment Growth Rate using the:

- Current Segment Cap Rate
- Current Segment Threshold Rate
- Participation Rate
- Segment Floor Rate

Those rates were applied against the past performance of the S&P 500, using a daily average of its annual compounded rates of return, excluding dividends, over a 25-year historical period from 1/1/1987 through 12/31/2012. The maximum illustrated rates will change over time, as we periodically update the look-back period, and make any changes to the Cap and Threshold Rates.

What is the Cumulative Guarantee?

The cumulative guarantee provides a minimum cash surrender value which earns interest at an annual rate of 2% in all years.

- This minimum cash surrender value is only available upon full surrender of the policy, in determination of the death benefit, and/or to test for policy default.
- It is not available for partial withdrawals, policy loans, or for transfer among the various allocation options.

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For more information, call your Regional Director or National Sales Support at 888-266-7498, option 2.

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

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.

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2. 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 59½. Cash value available for loans and withdrawals may be more or less than originally invested. Withdrawals are available after the first policy year.
3. Standard loan requests in excess of the Fixed Account balance can be taken from the Indexed Accounts, but these loans will be treated similarly to an Index Loan until the Segment Maturity, allowing the Index Loan portion of the loan to be converted into a Standard Loan. See the Protection IUL, Protection SIUL and and Accumulation IUL Technical Guide for more information. Index loan requests in excess of the Index Appreciation Account will be secured by balances transferred from the Fixed Account to a Loan Account.

   Only one type of policy loan may be utilized at a given time. If there is an outstanding Standard Loan, and the policy owner wishes to take a Index Loan, the existing loan must be repaid first. The opposite is also true; any existing Index Loan must be repaid before it is possible to take out a new Standard Loan. Index Loan requests in excess of the Index Appreciation Account policy value can be taken as Standard Loans from the Fixed Account.

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