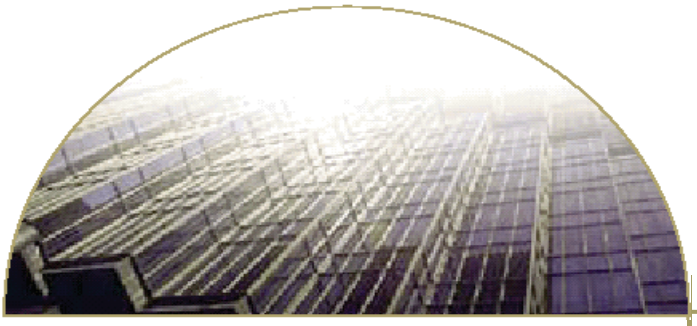

John Hancock
LIFE INSURANCE

Invest In Your Life

THE ADVANTAGES OF OWNING LIFE INSURANCE

Prepared For Sample
Prepared By .

December 09, 2008

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This program assumes that the life insurance policy meets the definition of life insurance per Internal Revenue Code Section 7702(a) and is not taxed as a modified endowment contract. Withdrawals and loans from life insurance policies have the effect of reducing the death benefit and cash surrender value and may cause the policy to lapse. Surrender or lapse of the policy can cause loss of death benefit and adverse income tax consequences.

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THE ADVANTAGES OF OWNING LIFE INSURANCE

You may already own life insurance or be familiar with some of its uses. But do you know ALL of the ways that life insurance can benefit you and your family?

Life insurance provides needed cash at your death

Life insurance is an excellent way to make sure your family has the money to meet its needs should anything happen to you. The liquidity provided by a life insurance death benefit can:

- Pay off your mortgage;
- Replace your salary;
- Pay estate, capital gains, and income taxes; and
- Equalize the inheritance you leave to your heirs.

Life Insurance may offer a competitive "Rate of Return" on the premiums you pay

You may believe that you do not need life insurance because you are in good health and your family could receive more if you invested the money elsewhere. However, have you taken a look at the rate of return life insurance offers? It can be very competitive when used as an economic asset. The net rate of return on the death benefit can be significant in the short term as well as through life expectancy.

Life Insurance is a tax efficient vehicle

There are many tax advantages associated with owning a life insurance policy. First, life insurance death proceeds are received by your family free of income taxes [1]. This means that your family may receive more money and a better return on the premium than if you had invested those dollars in a taxable asset.

Second, life insurance policy cash values grow tax-deferred and can be accessed in a tax-favored manner. You will not be taxed on the growth in your policy's cash values unless you surrender the policy. Furthermore, policy loans and withdrawals up to your total premium payments are received income-tax free [2].

Third, if your policy is owned by a properly drafted trust that exists outside of your taxable estate, the income tax burden of the trust is reduced since the cash values grow tax-deferred. Moreover, the proceeds should not be subject to estate tax when the policy is owned by the trust [3].

Life Insurance can provide for "self-completion" of your financial plans in the event of death

You invest wisely and put away money to protect your family in the future. However, even the best investments need time for ongoing contributions and earnings growth. If something were to happen to you along the way, your original plans may not come to fruition. The life insurance policy death benefit can facilitate "self completion" for your financial plans by providing the cash to compensate for the loss of planned contributions and earnings [4].

1 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. No legal, tax or accounting advice can be given by John Hancock, its agents, employees or registered representatives. Prospective purchasers should consult their professional tax advisor for details.
2 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 59½. Cash value available for loans and withdrawals may be more or less than premiums paid.
3 Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including the generation-skipping tax). Failure to do so could result in adverse tax treatment of trust proceeds.
4 Guaranteed product features are dependent upon minimum premium requirements and the claims-paying ability of the issuer.

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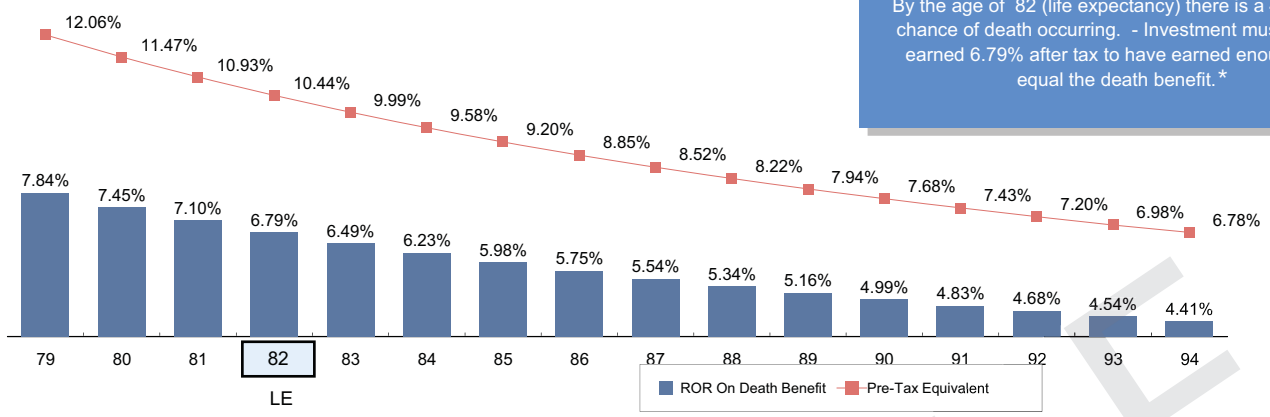
INVESTING IN YOUR LIFE - FLOWCHARTS

RATES OF RETURN

By the age of 82 (life expectancy) there is a 44.96% chance of death occurring. - Investment must have earned 6.79% after tax to have earned enough to equal the death benefit.*



NUMERICAL SUMMARY OF RATES OF RETURN

Protection UL- G, Initial Face Amount of $1,000,000, Male, Age 55, Preferred NonSmoker

Year		Attained Age	Planned Premium	Death Benefit	ROR On Death Benefit	Pre-Tax Equivalent	Probability of Death (EOY)
1		56	22,429	1,000,000	4358.54%	6705.45%	0.12%
2		57	22,429	1,000,000	519.59%	799.37%	0.31%
3		58	22,429	1,000,000	215.69%	331.83%	0.55%
4		59	22,429	1,000,000	125.38%	192.90%	0.84%
5		60	22,429	1,000,000	84.59%	130.14%	1.18%
10		65	22,429	1,000,000	26.22%	40.34%	4.31%
15		70	0	1,000,000	14.49%	22.29%	10.62%
20		75	0	1,000,000	9.87%	15.18%	21.06%
25		80	0	1,000,000	7.45%	11.47%	36.94%
27	LE	82	0	1,000,000	6.79%	10.44%	44.96%
30		85	0	1,000,000	5.98%	9.20%	57.93%
35		90	0	1,000,000	4.99%	7.68%	78.96%
40		95	0	1,000,000	4.28%	6.58%	93.02%
45		100	0	1,000,000	3.75%	5.76%	98.59%

*Based on 2001 Valuation Basic Table, Select & Ultimate. Life Expectancy (LE) tables are based on actual mortality experience collected from sources such as life insurance companies and the Social Security Administration. As used in this presentation, LE tables show both the average age at death based on your current age, as well as the average probability of death by a certain year. The LE data provided in this presentation is not necessarily indicative of your own personal life expectancy, and you may live longer than indicated by the table. The LE tables used are not tailored to your personal situation or risk class; rather, they are based population averages and are presented merely to help you form a generalized idea of potential ages at death.

COMPARING RATES OF RETURN AT DEATH

This means that:

- By the age of 82 (life expectancy) there is a 44.96% chance of death occurring.*
- Investment must have earned 6.79% after-tax to have earned enough to equal the death benefit, or
- Investment must have earned 10.44% pre-tax (assumes 35.000%tax rate).
- Unlike most investments, life insurance proceeds have no potential built-in capital gains in the event of repeal or modification of the Federal Estate Tax.

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ANNUAL RATES OF RETURN

Protection UL- G, Initial Face Amount of $1,000,000, Male, Age 55, Preferred NonSmoker

Year		Attained Age	Planned Premium	Death Benefit	ROR On Death Benefit	Pre-Tax Equivalent	Probability of Death (EOY)
1		56	22,429	1,000,000	4,358.54%	6,705.45%	0.12%
2		57	22,429	1,000,000	519.59%	799.37%	0.31%
3		58	22,429	1,000,000	215.69%	331.83%	0.55%
4		59	22,429	1,000,000	125.38%	192.90%	0.84%
5		60	22,429	1,000,000	84.59%	130.14%	1.18%
6		61	22,429	1,000,000	61.98%	95.35%	1.59%
7		62	22,429	1,000,000	47.82%	73.57%	2.10%
8		63	22,429	1,000,000	38.23%	58.82%	2.71%
9		64	22,429	1,000,000	31.36%	48.24%	3.44%
10		65	22,429	1,000,000	26.22%	40.34%	4.31%
11		66	0	1,000,000	22.67%	34.88%	5.30%
12		67	0	1,000,000	19.92%	30.64%	6.43%
13		68	0	1,000,000	17.73%	27.28%	7.70%
14		69	0	1,000,000	15.95%	24.54%	9.09%
15		70	0	1,000,000	14.49%	22.29%	10.62%
16		71	0	1,000,000	13.26%	20.40%	12.33%
17		72	0	1,000,000	12.22%	18.79%	14.21%
18		73	0	1,000,000	11.32%	17.42%	16.28%
19		74	0	1,000,000	10.55%	16.22%	18.56%
20		75	0	1,000,000	9.87%	15.18%	21.06%
21		76	0	1,000,000	9.27%	14.26%	23.76%
22		77	0	1,000,000	8.74%	13.44%	26.69%
23		78	0	1,000,000	8.26%	12.71%	29.86%
24		79	0	1,000,000	7.84%	12.06%	33.28%
25		80	0	1,000,000	7.45%	11.47%	36.94%
26		81	0	1,000,000	7.10%	10.93%	40.86%
27	LE	82	0	1,000,000	6.79%	10.44%	44.96%
28		83	0	1,000,000	6.49%	9.99%	49.21%
29		84	0	1,000,000	6.23%	9.58%	53.54%
30		85	0	1,000,000	5.98%	9.20%	57.93%
31		86	0	1,000,000	5.75%	8.85%	62.34%
32		87	0	1,000,000	5.54%	8.52%	66.71%
33		88	0	1,000,000	5.34%	8.22%	70.98%
34		89	0	1,000,000	5.16%	7.94%	75.09%
35		90	0	1,000,000	4.99%	7.68%	78.96%
36		91	0	1,000,000	4.83%	7.43%	82.53%
37		92	0	1,000,000	4.68%	7.20%	85.73%
38		93	0	1,000,000	4.54%	6.98%	88.54%
39		94	0	1,000,000	4.41%	6.78%	90.97%
40		95	0	1,000,000	4.28%	6.58%	93.02%
41		96	0	1,000,000	4.16%	6.40%	94.71%
42		97	0	1,000,000	4.05%	6.23%	96.07%
43		98	0	1,000,000	3.94%	6.07%	97.14%
44		99	0	1,000,000	3.84%	5.91%	97.97%
45		100	0	1,000,000	3.75%	5.76%	98.59%
46		101	0	1,000,000	3.65%	5.62%	99.05%
47		102	0	1,000,000	3.57%	5.49%	99.37%
48		103	0	1,000,000	3.49%	5.36%	99.60%
49		104	0	1,000,000	3.41%	5.24%	99.75%
50		105	0	1,000,000	3.33%	5.12%	99.85%
51		106	0	1,000,000	3.26%	5.01%	99.92%

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This is a supplemental illustration. Not all benefits and values are guaranteed. The assumptions on which the non-guaranteed elements are based are subject to change by the insurer. Actual results may be more or less favorable.

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ANNUAL RATES OF RETURN

Protection UL- G, Initial Face Amount of $1,000,000, Male, Age 55, Preferred NonSmoker

Year	Attained Age	Planned Premium	Death Benefit	ROR On Death Benefit	Pre-Tax Equivalent	Probability of Death (EOY)
52	107	0	1,000,000	3.19%	4.91%	99.96%
53	108	0	1,000,000	3.12%	4.80%	99.98%
54	109	0	1,000,000	3.06%	4.71%	99.99%
55	110	0	1,000,000	3.00%	4.61%	100.00%
56	111	0	1,000,000	2.94%	4.52%	100.00%
57	112	0	1,000,000	2.88%	4.43%	100.00%
58	113	0	1,000,000	2.83%	4.35%	100.00%
59	114	0	1,000,000	2.78%	4.27%	100.00%
60	115	0	1,000,000	2.72%	4.19%	100.00%
61	116	0	1,000,000	2.68%	4.12%	100.00%
62	117	0	1,000,000	2.63%	4.04%	100.00%
63	118	0	1,000,000	2.58%	3.98%	100.00%
64	119	0	1,000,000	2.54%	3.91%	100.00%
65	120	0	1,000,000	2.50%	3.84%	100.00%
66	121	0	1,000,000	2.46%	3.78%	100.00%

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