

Understanding Indexed UL

Life insurance is able to provide financial assurance for your client and their family, and certain types of life insurance products can offer different solutions to help your clients meet their financial needs. Indexed UL products offer a combination of simplicity, opportunity and protection. It gives clients the opportunity to earn interest credits — providing the potential for cash value growth, along with the protection of a guaranteed zero percent floor. And with a straightforward product design — it's easy to understand and sell.

How Indexed UL works

Traditional universal life insurance is a flexible premium product with a cash value component that is credited at a set annual rate (4% for example). Indexed UL offers a fixed interest option like traditional UL, but it is different in that it also offers the policyholder an opportunity to capture upside market potential while protecting against negative market performance. Customers have the flexibility in choosing the market they would like to be linked to (e.g. S&P500 or Hang Seng) and controlling the risks exposure they are most comfortable with.

Like any flexible premium product, IUL can be funded at any time throughout the lifetime of the policy. Many policyholders pre-select the premium payment frequency to monthly, quarterly, bi-annually, or annually to simplify the ownership experience and achieve the desired financial objective.

Policyholders can earn interest credits based on the Indexed Accounts and fixed account performance.

Indexed Accounts

Indexed Accounts gives policyholders an opportunity to capture upside market potential while protecting the cash value against negative market performance. John Hancock offers a series of Indexed Accounts for each IUL product offerings. Each Indexed Account is linked to a financial index (e.g. S&P 500 Index or Hang Seng Index) and has unique set of indexed account parameters (i.e. cap rate, floor rate, participation rate, and multiplier). The interest credits earned will be based on the amount allocated among Indexed Accounts available, as well as the performance of the referenced financial index, subject to the indexed account parameters outlined. (See example on next page)

Fixed account

The Fixed Account gives policyholders an opportunity to seek more stable performance while earning a competitive interest rate. John Hancock offers one Fixed Account option for all IUL product offerings. The interest credits earned will be based on the amount allocated to the Fixed Account as well as the prevailing Fixed Account rate.

Policyholders can access their cash value within their policy via withdrawals or loans. Policyholders can elect one or a combination of these methods that is consistent with his financial objective.

Key IUL Terms:

Cap Rate: The maximum Segment Growth Rate for an Indexed Account

Floor: The minimum annual Segment Growth Rate for an Indexed Account

Participation Rate: The percentage of the change in the index value that will be recognized when calculating the Segment Growth Rate

Multiplier: Interest credits provided in addition to the Segment Growth Rate calculated

An example of IUL interest credits

Here are a few hypothetical examples showcasing how interest credits are determined and how they would change under different market return conditions.

Crediting Rate

Segment Growth Rate \times (1 + Multiplier), where

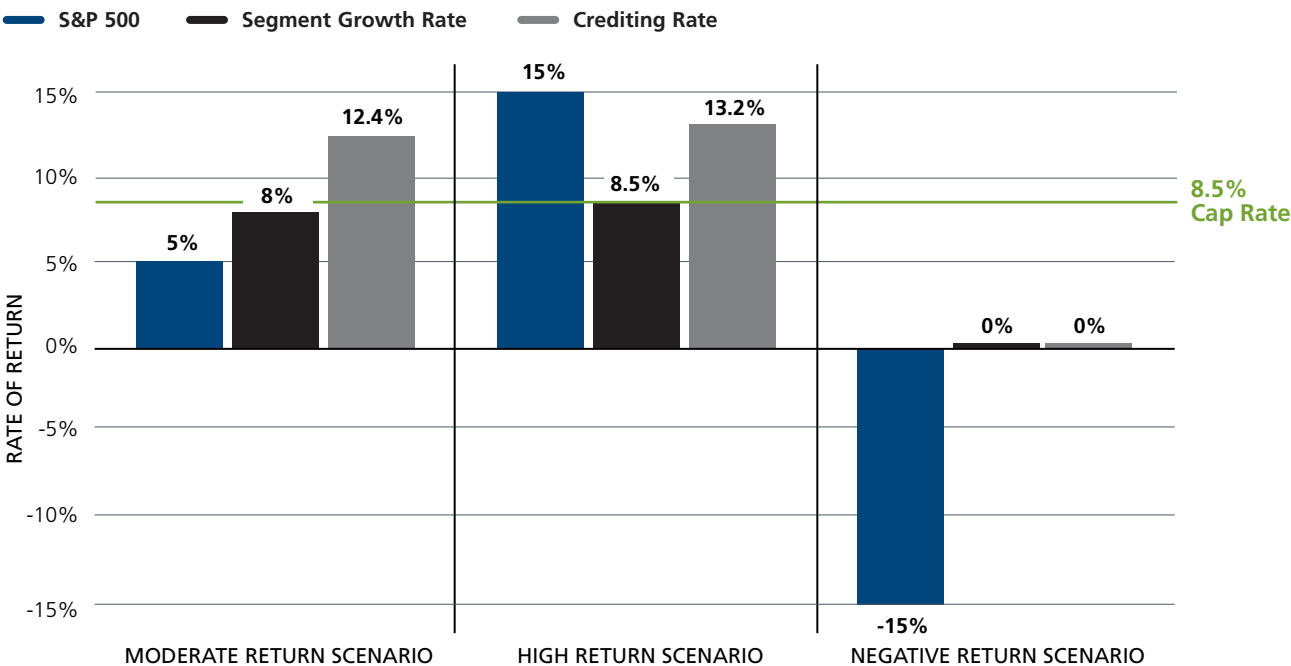
Segment Growth Rate

Positive Index Change \times Participation Rate, subject to predetermined cap

Example demonstrates the following parameters

REFERENCED INDEXED ACCOUNT: ACCUMULATION IUL '18 - HIGH PAR INDEXED ACCOUNT

CAP Rate: 8.5% Participation Rate: 160% Floor rate: 0% Multiplier: 55%



Flexibility to access cash accumulation value

Indexed UL provides a great solution to supplement retirement income and other financial needs such as college funding, financial emergencies, or business planning. Indexed UL provides several choices and flexibility to access policy cash value through loans or withdrawals.

John Hancock's IULs can help with all product design strategies!

Protection IUL: Low cost permanent protection

Accumulation IUL: High cash value accumulation potential

Protection Survivorship IUL: Low cost permanent survivorship protection

Full suite of Indexed Account options | Product design and premium payment flexibility

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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 1/2.

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