



CPI-Linked Inflation Protection

A smart way to grow your
long-term care insurance benefits



Inflation protection —

An important decision when
buying LTC insurance

Choosing the right type of inflation coverage is one of the most important decisions you will make when purchasing a long-term care (LTC) insurance policy. It's critical that the policy you purchase today enables your benefits to keep pace with the anticipated future costs of care. At the same time, you want inflation protection at a price that fits your budget. John Hancock's CPI-linked inflation protection¹ is an option that offers you both.

1. Referred to as Automatic Inflation Coverage in the Leading Edge policy, and CPI Compound Inflation in the Custom Care II Enhanced policy. In IN, referred to as Automatic CPI Inflation Coverage for Leading Edge.

Affordable protection that meets your needs

The younger you are when you buy your policy, the more important inflation protection becomes. For example, if you purchase LTC insurance in your 50s or 60s, you might not need to access your policy benefits for 20 or 30 years, or maybe more. The challenge is to find an inflation option that meets your needs over the long term, while also keeping your annual premium level and affordable.

John Hancock's CPI-linked inflation protection is a compound inflation option that provides annual LTC insurance benefit increases based on changes in the Consumer Price Index for all Urban Consumers (CPI).² As one of the most recognized and trusted indicators of U.S. inflation, the CPI is often used to provide cost-of-living wage increases to millions of American workers. In addition, the CPI has a strong association with housing and labor costs, two of the key drivers of long-term care costs today and in the future.

2. The Bureau of Labor Statistics, www.bls.gov.

CPI, All Urban Consumers. All items not seasonally adjusted. The Bureau of Labor Statistics is the principal fact-finding agency to the U.S. federal government and is the statistical resource to the U.S. Department of Labor.

CPI-linked inflation protection

How It Works

Every year on your policy anniversary, your benefit³ and your Total Pool of Money⁴ will be automatically adjusted according to the increase in the CPI. The rate used to determine the actual increase in your benefits⁵ is the annual change in the CPI over the one-year period ending three months prior to your policy anniversary.

The Amount of Your Increase Is Unlimited

Just as there is no limit to the rate of inflation, there also is no limit to how much your benefits can grow with CPI-linked inflation protection. When the CPI increases — even during periods of high inflation, such as 1980 when the percentage increase reached 13.5%⁶ — your benefits and your Total Pool of Money will increase accordingly, while your premiums remain level.

Your Benefits Will Never Decrease Based on CPI

If the percentage change in the CPI is ever negative, which hasn't occurred in more than 50 years, your benefits will remain level. In fact, your benefits will never go down due to a change in the CPI. Any negative change will be offset by future increases in the CPI, so your benefits are protected from any decline. Once the negative change in the CPI is offset by future increases, your benefits will increase again.

3. Benefit refers to the policy's Daily or Monthly Benefit Amount.

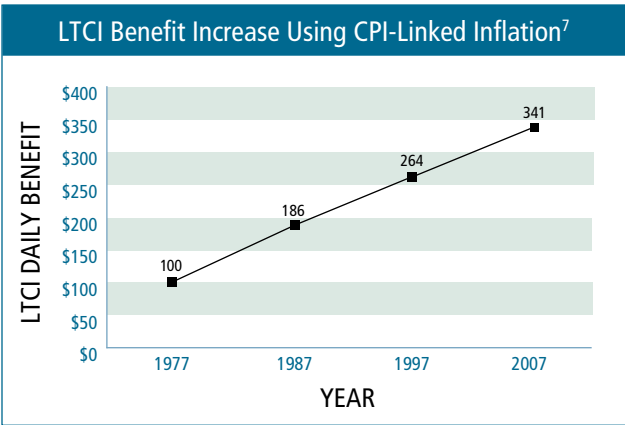
4. Total Pool of Money represents your Daily or Monthly Benefit multiplied by the Benefit Period you select.

5. Increase is based on your remaining pool of money.

6. The Bureau of Labor Statistics, www.bls.gov.

Protection That Keeps Pace With the Rising Costs of Care

While the rate of inflation can vary from year to year, the average annual increase in the CPI for the 30-year period ending December 2007, was 4.2%.⁷ The chart below shows how a \$100 Daily Benefit grew to \$341 over the past 30 years using CPI-linked inflation protection.



KEY BENEFITS OF CPI-LINKED INFLATION PROTECTION

- Helps benefits keep pace with the rising cost of care
- Increases your LTC insurance benefits on a compounded basis each year
- Provides reliable, economically based adjustments for your LTC insurance benefits
- Makes inflation protection more affordable without sacrificing coverage

7. The Bureau of Labor Statistics, www.bls.gov.

Guaranteed Increase Option

An Added Bonus With CPI-Linked Inflation Protection

In addition to any annual increases received through CPI-linked inflation, policyholders who select this inflation protection will also have a Guaranteed Increase Option (GIO). This feature gives you the opportunity every three years to increase your existing benefits by 10% — for any reason, and with no health questions or exams. You will maintain this option regardless of how many times you decline the GIO offer. Benefit increases made through the GIO will require additional premium.⁸



8. GIO offers will not be available after age 90, or if benefits were payable in the two years prior to the option date, or if the Survivorship and Waiver of Premium Benefit or a Limited Payment Option is selected. Premium increases under GIO are based on your age and the rates in effect on the option date, and your original risk category (Preferred, Select, or Substandard). Not available with FamilyCare II Benefit on Custom Care II Enhanced policies. Not available on Custom Care II Enhanced in WI.

LIMITATIONS

- Benefits will not be paid for charges during the Elimination Period, except for Care Advisory Services, the Stay at Home Benefit, and Respite Care.
- Benefits will not be paid in excess of the Policy Limit, except for Care Advisory Services and the Stay at Home Benefit. (Not applicable for Leading Edge.)
- This policy contains a coordination of benefits provision: We may reduce benefits payable under this policy for long-term care services if we also pay benefits for such services under any other individual long-term care insurance policy issued by us. This includes policies providing nursing home, assisted living facility, and/or home health care coverage, whether payable on an expense reimbursement, indemnity, or any other basis.*

EXCEPTIONS

This policy does not cover care, treatment, or charges:

- for intentionally self-inflicted injury
- required as a result of alcoholism or drug addiction (unless the drug addiction was a result of the administration of drugs as part of treatment by a physician)**
- due to war (declared or undeclared) or any act of war, or service in any of the armed forces or auxiliary units***
- due to participation in a felony, riot, or insurrection****
- normally not made in the absence of insurance
- provided by a member of your immediate family, unless:
 - the family member is one of the following professionals: a duly licensed registered nurse, licensed vocational nurse, licensed practical nurse, physical therapist, occupational therapist, speech therapist, respiratory therapist, licensed social worker, or registered dietitian;
 - the family member is a regular employee of a nursing home, assisted living facility, adult day care center, or home health care agency which is providing the services;
 - the organization receives the payment for the services; and
 - the family member receives no compensation other than the normal compensation for employees in his or her job category
- provided outside the 50 United States and the District of Columbia, except as described in the International Coverage section of the policy

*In CT, GA, ID, MA, NC, ND, NJ, NY, OK, SD, TN, TX: The coordination of benefits is not applicable.

**In LA: This policy does not cover care, treatment, or charges for alcoholism or drug addiction (unless the drug addiction was a result of the administration of drugs as part of treatment by a physician). Exclusion not applicable in MD, OR and VT.

**In SD: Policy does not cover care, treatment or charges for alcoholism or drug addiction.

***In OK: Applicable only while serving in any of the armed forces or auxiliary units.
In NJ: Due to declared war or any act of war, while you are serving in the military, naval, or air forces of any country, combination of countries, or international organization. As a result of the special hazards incident to service in the military, naval, or air forces of any country, combination of countries, or international organization while You are serving in such forces outside Your home area.
In VT: Auxiliary units are not applicable.

****Not applicable in MD.

In MD: The policy does not cover care or treatment determined to be furnished as a result of a referral prohibited by Section I-302 of the Maryland Health Occupations Article.

The long-term care insurance policy describes coverages under the policy, exclusions and limitations, what you must do to keep your policy in force, and what would cause your policy to be discontinued. Please contact the licensed agent or John Hancock for more information, costs, and complete details on coverage.

This is a general description of coverage and is not an insurance contract. Refer to the Outline of Coverage provided by your agent for an explanation of features and options. Only the individual long-term care insurance policy contains governing contractual provisions. You may request a sample policy to review such provisions.

This is an insurance solicitation. An insurance agent may contact you.

Choose a leader in LTC insurance

As an experienced leader in LTC insurance — with financial strength ratings among the highest in the insurance industry* — John Hancock is dedicated to providing dependable solutions that help you protect your financial security, your independence, and your family's well-being.



* To view our most current financial ratings, please go to www.johnhancockLTC.com. Financial strength ratings measure the Company's ability to honor its financial commitments and are subject to change. The ratings are not an assessment or recommendation of specific policy provisions, premium rates or practices of the insurance company.

Long-term care insurance is underwritten by John Hancock Life Insurance Company, Boston, MA 02117.

Policy Series: LTC-03, LTC-06
In ID: LTC-03 ID, LTC-06 ID, LTC-CPP2
In OK: LTC-03 OK 10/03, LTC-06 OK