



Investing in your business





What makes sense for your employees and your business?

As a business owner you are confronted with this question on a daily basis. When you make decisions, you are doing so balancing the best interests of your employees and your company's financial goals at the same time. Sometimes these interests align and sometimes they do not. When you are developing a comprehensive employee benefits package, these decisions don't get any easier, but what if you were able to offer a benefit that allowed for a positive return on both sides? By adding John Hancock long-term care (LTC) insurance to your benefits package, you can.

Long-term care is the kind of care people need when they are no longer able to handle day-to-day tasks like dressing or bathing without assistance. Unfortunately, care is expensive, costs continue to rise, and millions of Americans are having to pay out-of-pocket to take care of themselves and loved ones. Now, more employers than ever are adding LTC insurance to their benefits packages. In fact, LTC insurance is one of the most requested voluntary benefits by employees in the United States.¹ By offering this coverage, you will demonstrate to employees and their families that you care about their well-being. At the same time, your business may benefit by recouping lost productivity and receiving significant tax advantages.

It may be time for your organization to consider adding this very valuable benefit. Read on to learn why you should look into LTC insurance for your business today.

1. Aon Employee Benefit Study, "What's Hot and What's Not in Voluntary Benefits," January 2006.

WHY LTC INSURANCE MAKES SENSE FOR YOU AND YOUR BUSINESS

Enrich your benefits package

LTC insurance can play a key role in turning a good benefits package into a great benefits package. It provides valuable protection for your employees' financial futures, with minimal administration and little or no cost to you. LTC insurance can also help attract and retain top talent when it is included as part of a carve-out plan for key employees. When seeking to protect retirement savings and obtain vital coverage that health and disability insurance are unable to provide, LTC insurance is one of the most viable options available today.

In 2005, 7,288 new employers added LTC insurance to their employee benefit plans.
This represents a 604% increase over the course of the last ten years.²

2. LIMRA Reports, U.S. Group Long-Term Care Insurance Sales and In-Force, 1995 through 2005.

WHY LTC INSURANCE MAKES SENSE FOR YOU AND YOUR BUSINESS

Helps prevent lost productivity

When a family member of one of your employees needs care, it can mean a loss of productivity for your business. Employees lose time at work dealing with family long-term care issues, and many can't come into work at all. In some cases, talented high-level workers are forced to give up their careers for their caregiving responsibilities. The total yearly cost of lost productivity to U.S. employers due to caregiving in 2005 was approximately \$29 billion.³ LTC insurance helps employees remain at work by providing resources, support and reimbursement for care expenses.

CONSIDER THE FOLLOWING:

- 57% of caregivers report having to go in to work late, leave early, or take time off.⁴
- 17% of caregivers have to take a leave of absence.⁴
- 16% of caregivers either need to quit or go from working full-time to working part-time.⁴



3. Family Caregiver Alliance Fact Sheet: Selected Caregiver Statistics, updated 2005.

4. National Alliance for Caregiving and AARP, "Caregiving in the United States," April 2004.

WHY LTC INSURANCE MAKES SENSE FOR YOU AND YOUR BUSINESS

Receive tax advantages

If you decide to pay for all or a portion of your employees' LTC insurance policies, your business may receive significant tax advantages.⁵

- When premiums are employer-paid, you can deduct 100% of the premiums paid as a business expense⁵ (even in situations when Limited Pay Options are used).
- Businesses that operate as Self-Employed, Subchapter C, or Partnership/S Corporation/Limited Liability Company can receive special tax considerations.
- Most employees can exclude premiums from gross income (when paid by their employer) and are not taxed on the LTC insurance benefits they receive.
- Employees living in certain states may also be eligible for either tax credits or deductions for premiums they pay when the benefit offering is voluntary.

5. This is an interpretation of the Federal and State Tax Guidelines by John Hancock's Corporate Law Department. Clients should consult with their legal tax advisor regarding tax issues.

WHY EMPLOYEES NEED LTC INSURANCE

Protect their retirement

Your employees depend on their pension plans, 401(k) accounts, and other personal investments to fund their retirement during their working years. But how can they protect their hard-earned savings from being depleted in the case of a long-term care event today or in the future? Research shows that on a national average, one year in a nursing home can cost upwards of \$75,000⁶ and may cost even more if care is received at home. LTC insurance provides funding specifically designated to help pay for those costs. As a business owner you have provided your employees with benefit options to help them save during their working years. Now, you can assist them during their retirement by offering LTC insurance to help protect the assets they have worked so hard to accumulate.

EMPLOYEE NEED	EMPLOYER RESOLUTION
Health care	▶ Health Insurance Plan
Dental care	▶ Dental Insurance Plan
Income for family in case of death	▶ Life Insurance Plan
Income replacement in case of disability	▶ Disability Insurance Plan
Retirement savings	▶ 401(k) Program
Protection of retirement savings	▶ Long-Term Care Insurance Plan

6. John Hancock Cost of Care Survey, conducted by CareScout, 2008.

WHY EMPLOYEES NEED LTC INSURANCE

Many employees mistakenly believe they are already covered

LTC insurance pays for personal assistance with activities such as eating, bathing, using the toilet, and moving around — or for supervision due to a cognitive impairment. This assistance is typically not covered by health or long-term disability insurance. As for government programs, your employees may not realize that there are certain criteria to qualify for coverage through these programs and that the benefits provided may not suit their needs.

Medicare pays only for short periods of care after age 65, and Medicaid typically only covers care in nursing homes for the very poor — those whose assets are at or below state-required levels.

The strain on federal and state budgets is so great, that both branches of government have started campaigns to educate the general public about LTC insurance. In fact, \$94.5 billion spent from the Medicaid budget in 2005 was for LTC alone.⁷ In addition, in 2002, the federal government launched the Federal Long Term Care Insurance Program in an effort to encourage federal employees and their families to purchase private insurance. The signals are clear — Americans are on their own when it comes to protecting themselves against the risks and high costs of long-term care.



7. Georgetown University Long-Term Care Financing Project "Medicaid and Long-Term Care," January 2007.

WHY EMPLOYEES NEED LTC INSURANCE

Alleviate the stress of caregiving

Caregiving for a family member is often a stressful and difficult experience. It can mean hours devoted to looking after a family member at home, which can be physically and emotionally draining. If the family member who needs care lives far away, it can mean significant time on the telephone trying to arrange and coordinate that care. Many times, employees who take on a caregiving role have trouble focusing on their own day-to-day activities, their families, and their work.

CONSIDER THE FOLLOWING:

In a recent independent study of 1,000 adults across the country:⁸

- Nearly 69% of caregivers said that providing care and/or assistance significantly affected their personal lives.
- 62% said that it had a significant impact on family.
- 37% said it significantly changed their financial situations.

In a separate study that shows the impact of caregiving in the workplace:⁹

- 37% spend more than 40 hours a week providing care for a family member and 30% spend 20-39 hours a week providing care.
- More than one-third (37%) report spending less time at their jobs.

A John Hancock LTC insurance policy can provide relief with the Caregiver Support Services feature. This feature allows family members¹⁰ of the policyholder (your employee) to access discounts at care providers, quality information at thousands of care facilities, and a care advocate who will work with the family through the caregiving process.

It is emotionally challenging to experience a family member needing care. By providing your employees with an option like LTC insurance you can help them alleviate this stress and allow them to maintain control of their lives.

8. John Hancock 2006 Long-Term Care Survey, conducted by Mathew Greenwald & Associates, Inc., 2006

9. Evercare in collaboration with National Alliance for Caregiving, "Evercare Study of Caregivers in Decline," September 2006.

10. Family members include: spouses, partners, children, parents, grandparents, siblings, and all in-law and step equivalents of the employee between the ages of 18-79.

WHY THE LTC INSURANCE PROGRAM YOU CHOOSE MATTERS

Corporate Solutions

John Hancock Corporate Solutions is redefining the way that LTC insurance is provided as an employee benefit. For employees, it offers affordable, comprehensive LTC insurance coverage for themselves and their family members. For employers, it offers a streamlined, cost-effective program from a leader in the LTC insurance industry. When you choose Corporate Solutions for your business, you'll have access to:

Flexible Plan Designs:

Corporate Solutions allows you to customize coverage for select classes of employees, or for your entire employee population, based on your business objectives. With flexible plan designs you can select the right coverage options for your employees' needs.

Favorable Tax Advantages:

Whether you elect to pay for a Key Employee Carve-Out plan or contribute to employee premiums, the full amount of premiums paid may be tax deductible to your business. In addition, long-term care benefits are not considered taxable income to your employees. (Please consult your tax advisor for more information.)

Discounted Premiums:

Another advantage of the Corporate Solutions Program is the premium discount. This discount applies to your employees and their eligible family members, such as their spouses, parents and grandparents.

Simplified Underwriting:

Eligible employees will enjoy a simplified underwriting process with fewer health questions than a traditional individual LTC insurance application. You also have the opportunity, when paying for seven or more eligible employees, to offer their spouse/partner simplified underwriting if you decide to pay for their coverage as well.

Minimal Participation Requirements:

If you choose to fund this benefit for your company, you only need seven actively-at-work employees during the one-time open enrollment period. If you want to offer this benefit on a purely voluntary basis, you only need ten employees to participate.

John Hancock

A name people know and trust

When offering LTC insurance as a benefit, you want to choose a company that your employees recognize and know will be there for them should the need for care arise, whether it be now, or 30 years from now. A John Hancock LTC insurance policy represents a promise — to provide the best and most comprehensive help, support, and service, when and where your employees need care.

John Hancock is a company with:

- More than 145 years of experience providing insurance products to meet people's needs
- A record of being one of the most experienced and innovative LTC insurance providers in the industry
- An unwavering commitment to our more than 1 million¹¹ LTC insurance policyholders
- A history of meeting our commitments, paying out more than \$2 billion¹¹ in claims on our LTC insurance policies over the years
- Some of the highest ratings for financial strength of any insurance company¹²

11. Based on John Hancock internal data as of December 31, 2008. Total includes individual and group LTC insurance, and 50% of the Federal LTC Insurance Program.

12. Financial strength ratings, which are current as of March 18, 2009, and are subject to change, measure the company's financial ability to honor the long-term care benefits. The ratings are not an assessment or recommendation of specific policy provisions, premium rates, or practices of the insurance company.



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