



Guiding you through life.

CLIENT PROFILE

NEEDS ANALYSIS

Advanced Markets

Blended Families

Planning For Your Loved Ones

CLIENT PROFILE

Status:	Clients have a family that combines several family groups into one.
Concern:	Clients want children from previous marriage to receive inheritance in a timely manner while ensuring the younger children obtain the same level of support and care.

Situation

- Clients face additional concerns as a result of having to plan for both adult and younger children.
- Clients want to ensure the entire family is provided for when they are gone.

Gather the Facts

- Sit down with the client, determine their needs and review the money necessary to cover these needs.
- What income do the clients want to replace? How long do they want to replace that income? Do they want to adjust for inflation?
- A stay-at-home spouse may not have actual income they need to replace, but they may provide child care that would need to be paid for should something happen to them. What would the cost of care equal? How long would they need to provide that care?
- Many times people buy life insurance to take care of debt. Do your clients want to cover their debts? What are the debts? Mortgage? Student loans?
- Do they have expenses, including, but not limited to, charitable contributions and emergency funds?

- Future goals. Do the clients want to provide for college expenses? How much do they expect to contribute? What is the total cost they want to cover?
- Funerals can be expensive. How much will it cost for burial needs and to settle the estate of the deceased?

Solution

- If there is a gap between what clients need and what they have, this gap can be filled with life insurance, which is an important component to any financial plan.
- Clients should meet with an estate planning attorney who will help draft all the appropriate documents such as wills and trusts. Special consideration should be made with regards to planning for children from a prior marriage. Ownership and titling of assets should be reviewed to maintain clients' wishes.

Benefits of Life Insurance

- Life insurance can help meet the needs of the various members of a blended family, because it can provide a pool of liquid assets that can be used to offset any income the surviving spouse lost at death.
- Life insurance provides funds to help address a surviving family's immediate, often urgent needs, such as child support obligations.
- A life insurance policy can provide an immediate income tax-free death benefit for heirs.
- Life insurance is an asset that can efficiently transfer wealth within a family.
- The cash value of a life insurance policy grows tax-deferred, and tax-free loans and withdrawals are permitted when structured properly.¹
- The policy's death benefit and/or cash values are potentially protected from the claims of creditors, depending on the state.

Considerations

- The amount of life insurance protection clients qualify for will be subject to medical and financial underwriting requirements and may be more or less than the amount applied for.
- The ownership of the policy should be carefully considered so as to not create or compound estate tax issues.
- Beneficiary designations should be carefully considered and reviewed on a consistent basis, especially if minor children are involved.

SUMMARY

- 1 Identify and meet with potential clients.
 - 2 Gather the facts and ask the right questions.
 - 3 Fact Finding tools: Use the Blended Families Fact Finder to determine their needs and review the money necessary to cover these needs.
 - 4 Using JH Solutions, a Blended Families Needs Analysis can be completed. This analysis will uncover the shortfall needed.
- This shortfall could then be covered by purchasing a life insurance policy.
- 5 Clients should simultaneously work with an estate planning attorney who will help draft the necessary documents, and help with ownership and titling of assets. Careful consideration should be given to how clients wish to leave their estate to both the older children, younger children, and surviving spouse.

For more information, please contact your local John Hancock representative or call the Advanced Markets group at 888-266-7498 option 3.

1. 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 originally invested.

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