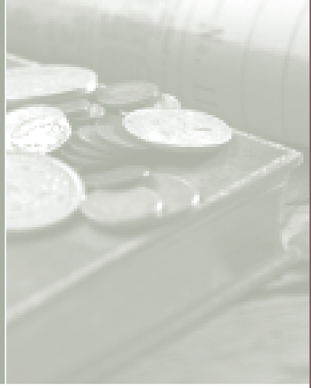
JohnHancock
LIFE INSURANCE



Success Strategy
The Charitable Remainder Trust

CHARITABLE GIFTS THAT PRESERVE PERSONAL WEALTH AND CREATE INCOME

Making charitable gifts to a Charitable Remainder Trust (CRT)[1] can help you to not only achieve your charitable objectives, but also to preserve your personal wealth. When you use a CRT, both you and the charity benefit from the assets you give away. Moreover, assets you transfer to charity using a trust can be replaced at a discount for your family through the use of life insurance.

HOW A CHARITABLE REMAINDER TRUST WORKS

Instead of making a charitable gift directly to charity, you can make a gift to a tax-exempt CRT to benefit a specifically named charity, or a specific cause. By using a trust, both you and the charity benefit.[2]

A CRT is set up for your lifetime, or for a period of years not to exceed 20, before the charity receives the balance of trust assets. In the meantime, you (or someone designated by you) will receive an income stream generated from the trust for the trust term.

When an asset is transferred to a CRT, there is no capital gains tax on the appreciation. And, when the trust diversifies the asset, there is no tax as well, since the trust is tax-exempt.

If the trust is established as a Charitable Remainder Unitrust (CRUT), the income will be based on a stated percentage of the annual value of trust assets. The trust can also be established as a Charitable Remainder Annuity Trust (CRAT) in which the income payment is based on a fixed-dollar amount. In either case, the income paid to you is taxable. A charitable income tax deduction may also be available when you transfer the asset to the trust and is calculated based on the present value of the assets, net of the trust income to be paid to you.

REPLACING THE ASSET

The asset given away to charity can also be replaced for your heirs through the use of a Wealth Replacement Trust (WRT) funded with life insurance.

TAX BENEFITS

Gifts of most types of assets can be made to a CRT, and in most circumstances a charitable income tax deduction is available for the gift. However, the deduction will be limited based on the type of asset transferred, the type of charity to benefit, as well as your adjusted gross income (AGI). If you are not able to utilize the total amount of the deduction in the year of the gift, you may carry-over the unused portion for an additional five years, subject to the same annual limitations. Please see the Comprehensive Charitable Planning Client Guide for deduction calculations and limitations.

CASE STUDY: PETER AND VIRGINIA ANTHONY

Peter (75) and Virginia (72) Anthony have a large estate and own highly appreciated stock currently worth $2,000,000. They have been actively involved with the National Cancer Society (NCS). They have learned that by establishing a CRAT the trust can diversify the assets for them without incurring taxation, they can receive income payments from the trust for their joint lifetimes, and they can name NCS as beneficiary of the trust balance.

Assuming a 7% annual trust income payment, the Anthonys can receive $140,000 of taxable gross income annually from the trust. In addition, the Anthonys can achieve savings from the charitable income tax deduction of $612,400, assuming a current 5% federal rate used to calculate such gifts. Their current AGI, including the income from the trust, is $340,000. The maximum amount the Anthonys can deduct when they make the gift based on deduction limitations is $102,000. However, the remaining amount can be deducted over the next five years subject to the same limitations.

The Anthonys can also establish a WRT funded with $2,000,000 of life insurance on their joint lives to replace the asset for the children at their death. A John Hancock Performance SUL policy has an annual premium of $34,970. The Anthonys can use a portion of the net trust income they receive to fund the life insurance. Furthermore, after income taxes and the life insurance payment, the net spendable income, including the tax savings from the deduction, in year one is $95,730.

COMPARISON OF BENEFITS AT ASSUMED LIFE EXPECTANCY — YEAR 15		
	SELL/REINVEST	CRAT AND WRT
FAIR MARKET VALUE OF ASSET	$2,000,000	$2,000,000
INCOME TAX DEDUCTION	$0	$612,400
CAPITAL GAINS TAX ON SALE	$270,000	$0
TOTAL NET SPENDABLE INCOME	$1,220,196	$1,081,719
TOTAL FAMILY BENEFIT (INCLUDING INSURANCE)	$2,320,061	$3,081,719
ENDOWMENT TO CHARITY	$0	$2,543,042
TOTAL GIFT TO FAMILY AND CHARITY	$2,320,061	$5,624,761

The data shown is taken from a hypothetical illustration. It assumes a hypothetical rate of return and is not a representation of expected future results. Unless indicated, these values are not guaranteed. Guaranteed product features are dependent upon minimum premium requirements and the claims-paying ability of the issuer.

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1. 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 transfer tax). Failure to do so could result in adverse tax treatment of trust proceeds.
2. The Tax Relief and Health Care Act of 2006, which was signed into law by President Bush on December 20, 2006, includes a major change to the taxation of charitable remainder trusts (CRTs) which have unrelated business income (UBI), as defined in Section 512 of the tax code. The Act, which takes effect for tax years beginning after December 31, 2006, changes the penalty for CRTs that have unrelated business income. Instead of losing its tax-exempt status, a CRT that has unrelated business income will now be subject to a 100% excise tax on the unrelated business income. As a result of this legislation, Section 664 of the Internal Revenue Code has been amended. While the penalty is now less draconian than the loss of exempt status, it is still important for trustees of CRTs to minimize unrelated business income.

Insurance policies and/or associated riders and features may not be available in all states.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

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