

Tax Ready Retirement

A Tax Efficient Supplement to Retirement Income

This material is for informational purposes only and is not investment advice or a recommendation.

Insurance products:		
Not FDIC insured	Not bank guaranteed	May lose value
Not a deposit	Not insured by any Federal Government Agency	



Today's agenda

- Introduce H.E.N.R.Y and L.I.S.A.
- Impact of tax rates
- Accumulation phase
- Distribution phase

Important terms

Qualified plans - an employer-sponsored retirement plan that qualifies for special tax treatment under Section 401(a) of the Internal Revenue Code.

State and local tax (SALT) - generally is associated with the federal income tax deduction for state and local taxes available to taxpayers who itemize their deductions.

Affordable care act (ACA) – a comprehensive reform law, enacted in 2010, that increases health insurance coverage for the uninsured and implements reforms to the health insurance market.

Adjusted gross income (AGI) - is defined as gross income minus adjustments to income. Gross income includes your wages, dividends, capital gains, business income, retirement distributions as well as other income.

Modified adjusted gross income (MAGI) – is AGI plus these, if any: untaxed foreign income, non-taxable Social Security benefits, and tax-exempt interest

Capital Gains – profit from the sale of an asset

Required minimum distribution (RMD) - amount of money you need to take out on an annual basis from a tax-qualified retirement account after you reach a certain age

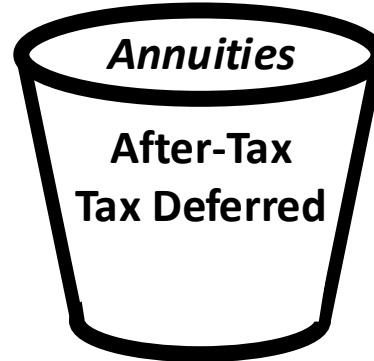
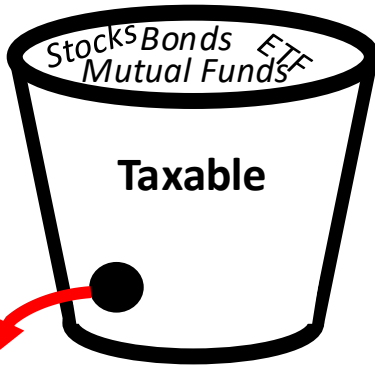
\$ Income \$

Age 45 *H.E.N.R.Y.* *L.I.S.A.*

401(k) Max
\$24,500 (2026)

50+ \$8,000 Catch-up
60-63 \$11,250 Super Catch-up

THEIRS



(Retirement)

Accumulation Phase

Distribution Phase



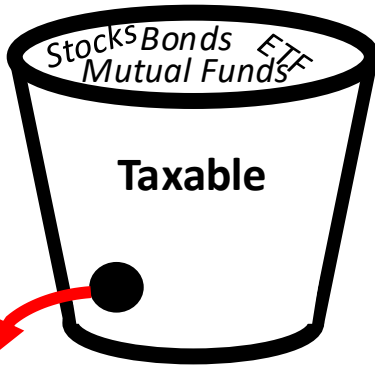
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THEIRS
Federal
State
Medicare 0.9%
SALT < \$40k



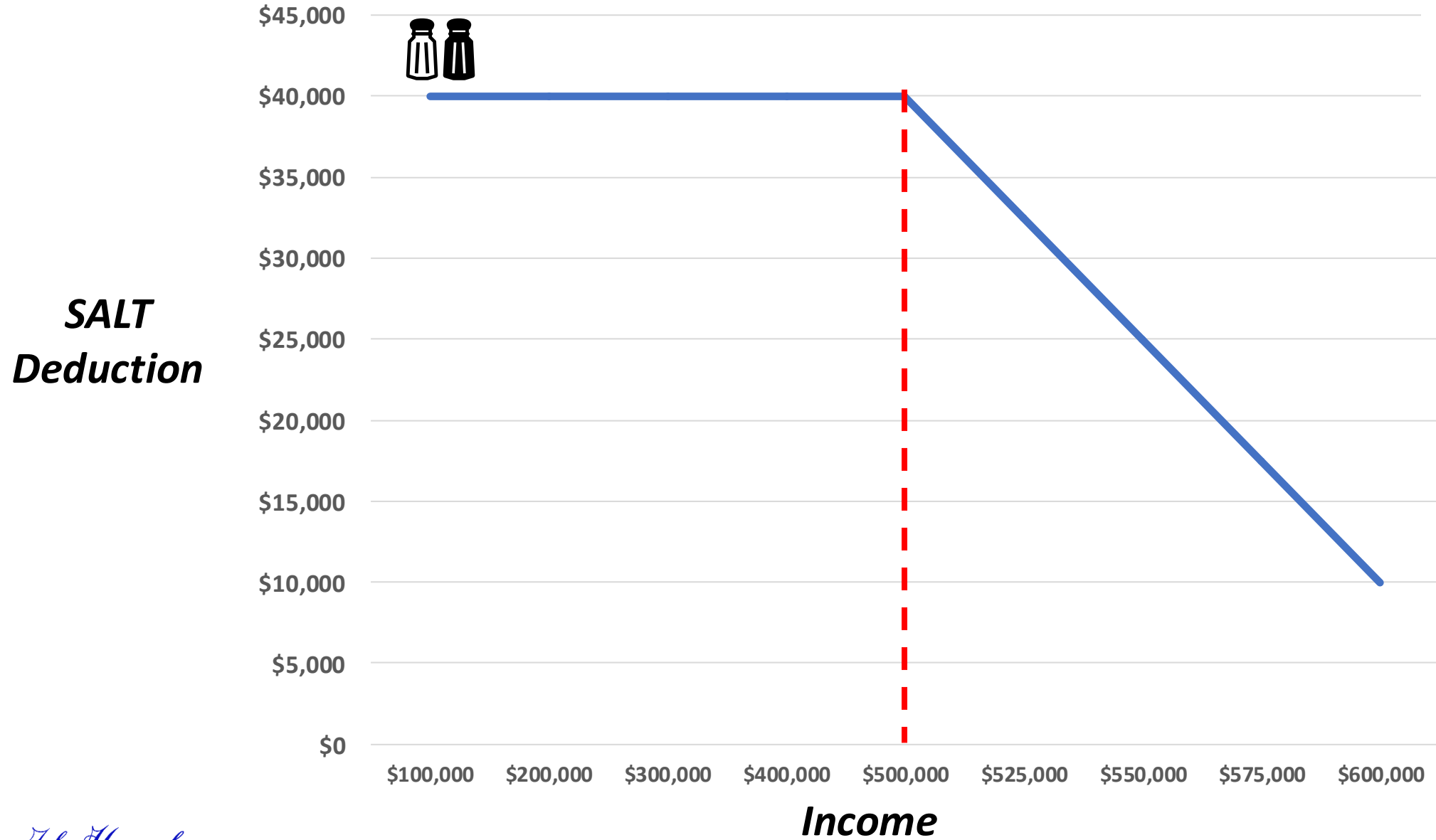
(Retirement)

Accumulation Phase

Distribution Phase

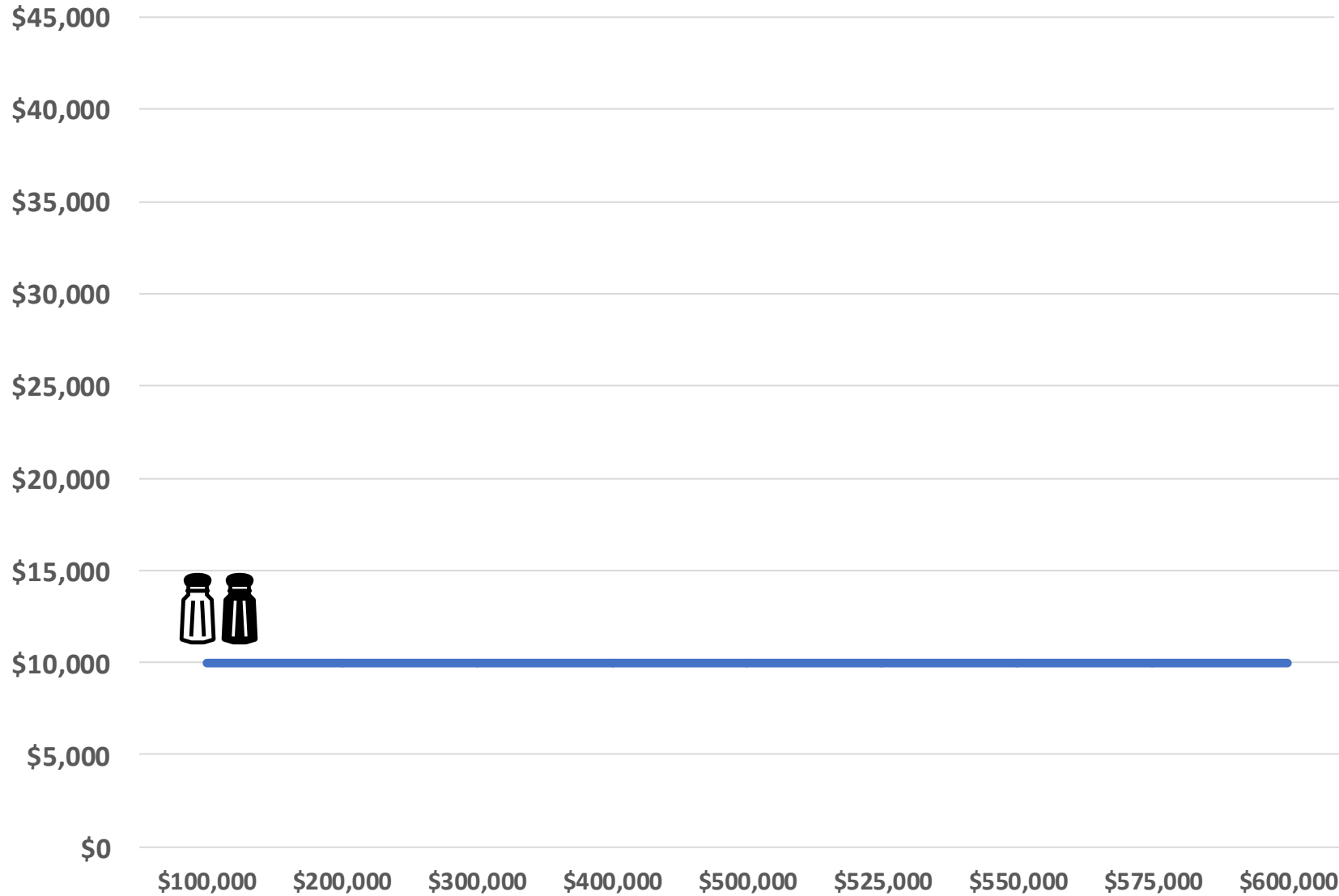


The SALT Cliff

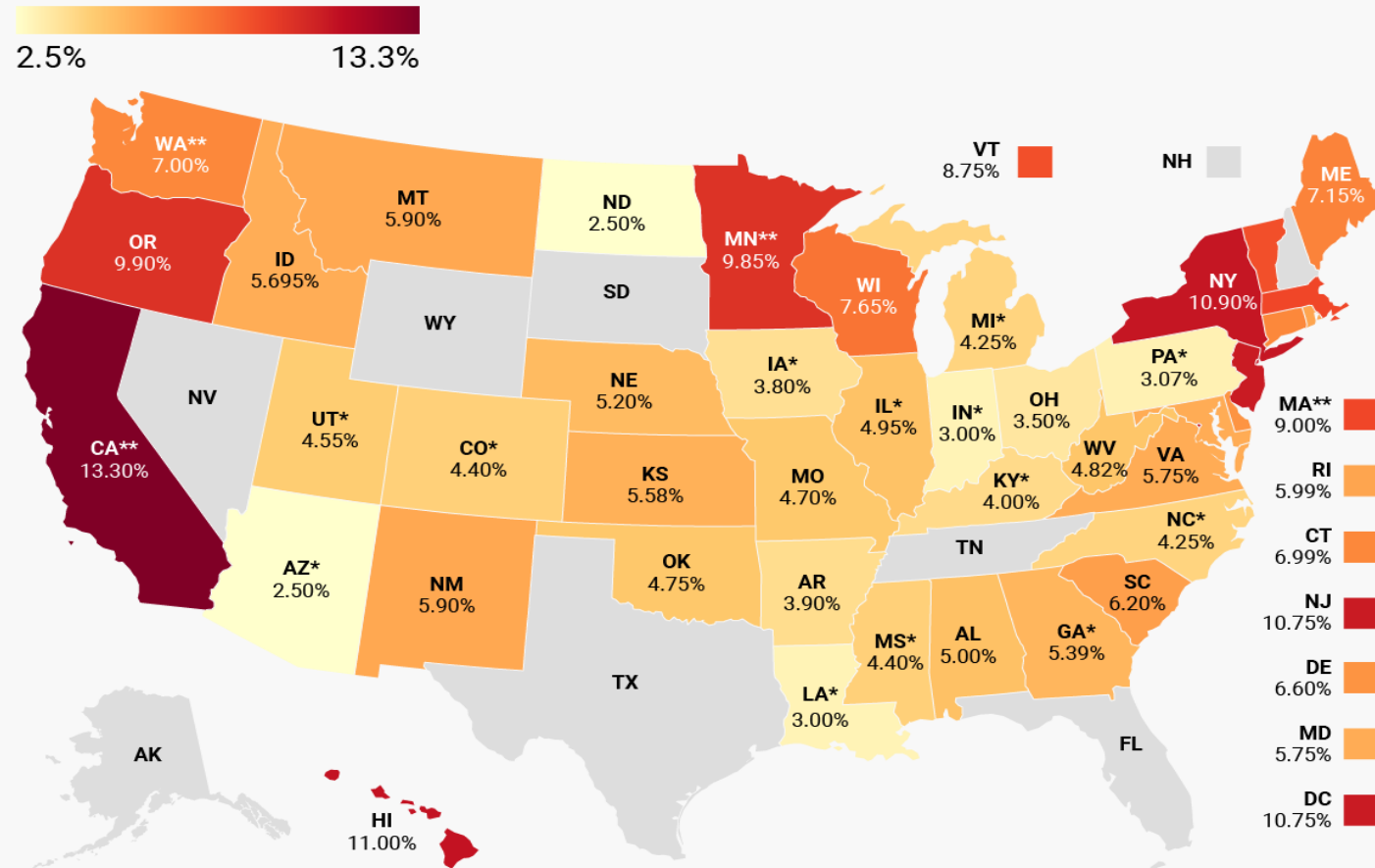


The SALT Cliff (2030)

***SALT
Deduction***



Top Marginal State Individual Income Tax Rates (as of January 1, 2025)



Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective tax rates, which would include the effects of various tax preferences. Local income taxes are not included.

(*) State has a flat income tax.

(**) Washington's 7% rate only applies to high earners' capital gains income. Top rates exclude non-UI payroll taxes in CA (1.1%), MA (0.46%), and WA (0.58%), and a 1% high earners' capital gains surtax in MN.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

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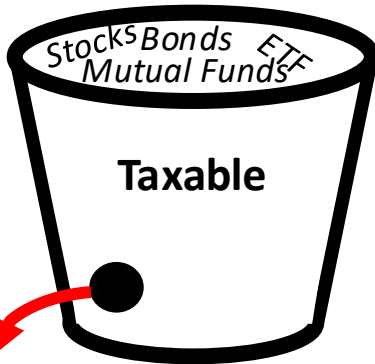


THEIRS

Federal
State
Medicare 0.9%
SALT < \$40k

Triggered at
\$200k/\$250k

Tax
Cap Gains 20%
ACA 3.8%



Annuities

After-Tax
Tax Deferred

(Retirement)

Accumulation Phase

Distribution Phase



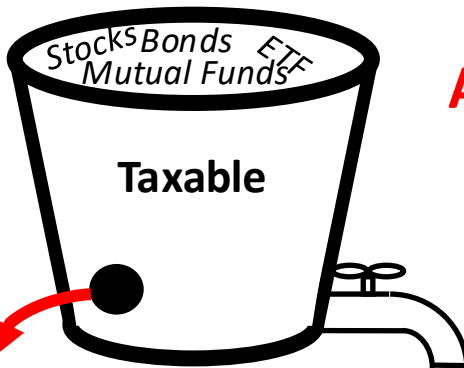
\$ Income \$

Age 45 H.E.N.R.Y. L.I.S.A.

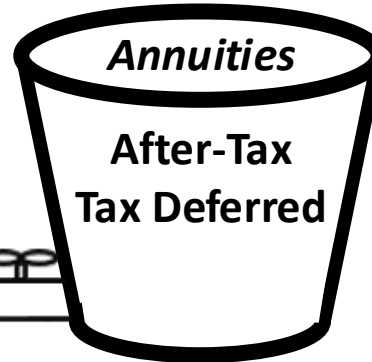
401(k) Max
\$24,500 (2025)



THEIRS
Federal
State
Medicare 0.9%
SALT < \$40k



AGI



Age 55
59-1/2
62 Social Security (85% taxable)
65 Medicare Part B
(\$202.90/mo -> \$689.90/mo)

MAGI

Triggered at
\$200k/\$250k

Tax
Cap Gains 20%
ACA 3.8%

Accumulation Phase

Distribution Phase

(Retirement)



Medicare Part B (Medical Insurance) Costs (continued)

If your **modified adjusted gross income** as reported on your IRS tax return from 2 years ago is above a certain amount, you'll pay the standard Part B premium and an income-related monthly adjustment amount.

Find out if you'll pay a higher Part B premium in 2026:

If your yearly income in 2024 (for what you pay in 2026) was			You pay each month (in 2026)
File individual tax return	File joint tax return	File married & separate tax return	
\$109,000 or less	\$218,000 or less	\$109,000 or less	\$202.90
above \$109,000 up to \$137,000	above \$218,000 up to \$274,000	Not applicable	\$284.10
above \$137,000 up to \$171,000	above \$274,000 up to \$342,000	Not applicable	\$405.80
above \$171,000 up to \$205,000	above \$342,000 up to \$410,000	Not applicable	\$527.50
above \$205,000 and less than \$500,000	above \$410,000 and less than \$750,000	above \$109,000 and less than \$391,000	\$649.20
\$500,000 or above	\$750,000 or above	\$391,000 or above	\$689.90



\$ Income \$

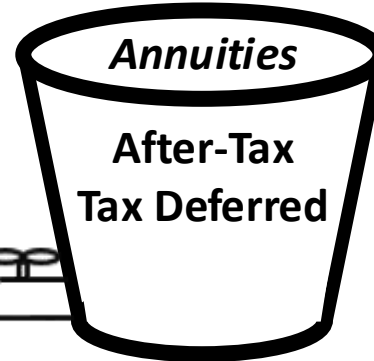
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401(k) Max
\$24,500 (2025)



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59-1/2**

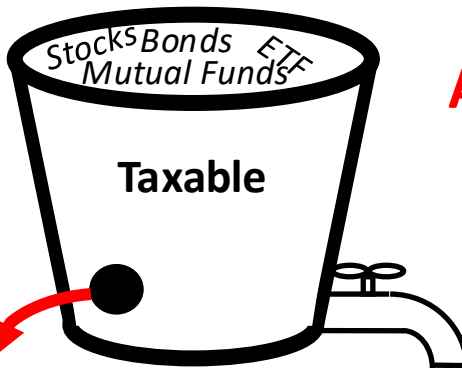
MAGI

Triggered at
\$200k/\$250k

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**65 Medicare Part B
(\$202.90/mo -> \$689.90/mo)**

73 RMD's



AGI

Tax
*Cap Gains 20%
ACA 3.8%*

Accumulation Phase

Distribution Phase

(Retirement)



\$ Income \$

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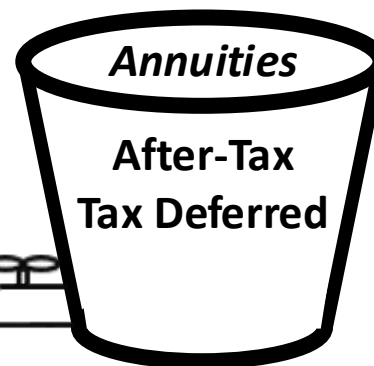
*Tax Hedge
Longevity Hedge
Time Hedge*

401(k) Max
\$24,500 (2025)



THEIRS

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~~State~~
~~Medicare 0.9%~~
~~SALT < \$40k~~



~~Age 55~~

MAGI

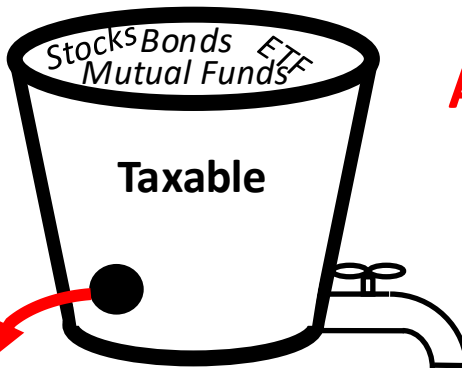
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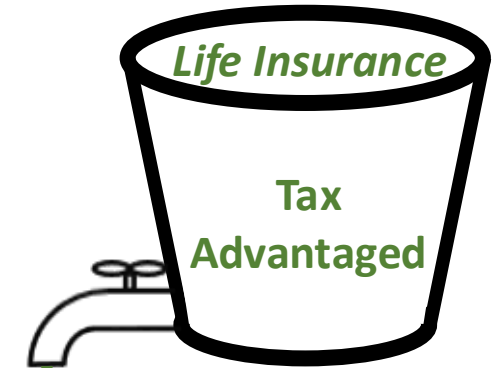
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~~73 RMD's~~



AGI

~~Tax~~
~~Cap Gains 20%~~
~~ACA 3.8%~~



(Retirement)

Accumulation Phase

Distribution Phase

**Income Tax Free
Non-Reportable Income!**

John Hancock's Tax Diversification Client Guide

Advanced Markets

John Hancock

Tax diversification

Client guide

INSURANCE PRODUCTS	MAY LOSE VALUE	NOT A DEPOSIT
NOT BANK GUARANTEED	NOT FDIC INSURED	
NOT INSURED BY ANY GOVERNMENT AGENCY		

LIFE-5739 12/24

Page 1 of 12 | Tax diversification



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Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration.

Loans and withdrawals will reduce the death benefit and the 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. Withdrawals in excess of the cost basis (premiums paid) will be subject to tax and certain withdrawals within the first 15 years may be subject to recapture tax. Additionally, 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.

Some riders may have additional fees and expenses associated with them.

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

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For more information on using life insurance to help tax diversification, please contact your financial professional

